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Weekend FT

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NEWSPAPER of THE YEAR

FINANCIAL TIMES

Weekend September 12/September 13 1992 — EUROPE'S BUSINESS NEWSPAPER — D 8523A

Mitterrand illness adds to rumours over his future

Speculation about the political future of François Mitterrand (left) is likely to increase after the 75-year-old French president had a prostate operation. The news comes only nine days before the French referendum on the Maastricht treaty. Mitterrand is said to be in "satisfactory" health but the surprise operation now makes it more likely that he will resign in the event of a No vote. Page 22; Little to sing about in Maastricht, Page 2

Summit welcomed: South Africa's President F.W. de Klerk welcomed the decision by Nelson Mandela, African National Congress president, to attend an emergency summit on violence and said they should meet "as urgently as possible". Page 3

Honda, Japanese car maker, is to withdraw from grand prix motor racing. Page 22

Yeltsin warned: Russian president Boris Yeltsin urged regional leaders to back his economic policies but powerful industrial leaders warned of confrontation unless the government amended its radical reforms. Page 2

Singapore base: The 15 member countries of the Asia Pacific Economic Co-operation group decided to put the organisation on a more permanent footing by setting up a small secretariat in Singapore. Page 3

New Russian bank: The European Bank for Reconstruction and Development is taking a 35 per cent stake in a new bank to provide long-term project finance in Russia. Page 2

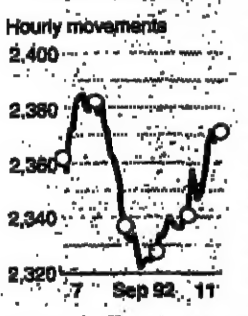
Nestlé, world's largest foods group, reported a 16.5 per cent rise in first-half consolidated net profits to SFr1.18bn (£481m). Page 10; Lex, Page 22

Graduate gloom: Thousands of qualified science and engineering graduates are unable to secure state funding for postgraduate work because of the recession and rising numbers of students seeking such work. Page 4

Minister may attend TUC: Gillian Shephard, UK employment secretary, or even prime minister John Major could be invited to speak at next year's Trades Union Congress. As this year's congress closed, several union leaders have floated the idea of inviting a senior cabinet minister next year after the attention created when Howard Davies became the first director-general of the Confederation of British Industry to address the TUC. Page 4

FT-SE ends week on higher note

FT-SE 100 Index



The latest UK inflation statistics and strength in the US dollar which boosted the big overseas earning stocks helped the FT-SE 100 Index gain 30.3 points to close at 2,370.9. The increase reversed what had been a loss over the week to show a net gain of 8.7 points since last Friday's close. London stocks, Page 13

Banks bail-out plan: The Swedish government is preparing contingency plans to save the country's banking system from possible collapse. Page 10

United Biscuits' share price rose 24p to close at 259p after the group announced actions to reverse a steep deterioration in profits at Keebler, its US snacks and biscuits operation. The fall at Keebler was the main factor behind UB's 17 per cent decline in half-year pre-tax profits to £70m. Page 8; Lex, Page 22

Tour group collapses: Another UK tour operator, Greek Connections, has ceased trading. The company, based in Fleet, Hampshire, specialised in package holidays to Greece.

Black for danger: People driving black or white cars are most likely to have a personal injury accident, according to a survey of accidents by Britain's Department of Transport. The "safest" colours are brown and yellow.

STOCK MARKET INDICES

FT-SE 100	2,370.9	(+30.3)
Yield	5.13	
FT-SE Eurotrack 100	1,033.57	(+5.98)
FT-A All-Share	1,118.81	(+1.2%)
Nikkei	18,187.89	(−600.78)
New York: lunchtime		
Dow Jones Ind Ave	3,384.62	(−0.54)
S&P Composite	419.33	(−0.62)

US LUNCHTIME RATES

Federal Funds	2⅞%
3-mo Treas Bills: Yld	2.962%
Long Bond	99⅝
Yield	7.276%

LONDON MONEY

3-mo Interbank	10⅝%	(10½%)
Liffe long gilt future:	Sep 96½	(Sep 96⅛)

NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$20.425	(20.375)

Gold

New York Comex (Sept)	$340.9	(342.2)
London	$340.25	(342.3)

STERLING

New York lunchtime:		
$	1.9247	
London:		
$	1.924	(1.977)
DM	2.79	(2.7875)
FFr	9.495	(9.51)
SFr	2.4775	(2.47)
Y	238	(243.25)
£ Index	91.5	(92.1)

DOLLAR

New York lunchtime:		
DM	1.4485	
FFr	4.927	
SFr	1.2875	
Y	124.045	
London:		
DM	1.45	(1.4105)
FFr	4.935	(4.81)
SFr	1.2875	(1.249)
Y	124.2	(123)
$ Index	59.8	(58.9)

Tokyo close Y 124.88

Japan prepares for 'employment adjustment'

By Steven Butler and Robert Thomson in Tokyo

JAPAN stared a real recession squarely in the face yesterday.

The country's leading steel makers forecast sharply lower profits, securities houses announced plans for streamlining and the stock market again lost confidence – along with 4.2 per cent of its value.

The bleak mood was drawn in more detail by the Bank of Japan, which released its quarterly economic survey of enterprises. The bank found business confidence across the economy sagging badly since its last survey in May, with the manufacturers' index falling from -24 to -37.

The outlooks for profits, sales and investment were all down. The only thing rising was inventories, the index for which rose from 32 to 38, pointing to a sharp decline in industrial production in the months ahead.

The survey was reinforced by Nippon Steel's forecast of a 74.6 per cent drop in pre-tax profits for the half year ending this month. Most other steel makers announced similar declines in profits. More important, the industry said it was preparing to seek government subsidies for "employment adjustment". This is the euphemism for transferring workers to subsidiaries, asking workers at idle factories to stay at home until business improves, retraining workers, and, as a last resort, sacking them.

Mr Takeshi Noda, economic planning minister, gave clear notice of what lay ahead when he said: "We are one step before entering into the phase of employment adjustment."

Job losses have so far been relatively few. But with consumer demand waning, output falling, inventories growing and profits plunging, many economists say it is only a matter of time before the manufacturing sector contracts with big job losses.

Mr Paul Summerville, economist at Jardine Fleming Securities expects manufacturing employment to decline by 3 per cent in the next year.

This means half a million workers could be out of work. They are unlikely to stay there long, given Japan's steep rise in public investment that will start next year as part of the government's Y10,700bn (£44bn) emergency economic package announced two weeks ago. But in the meantime many industries will be facing tough times.

Trade surplus grows, Page 3
Steel groups slash profit forecasts, Page 10
Honda pulls out of Formula One racing, Page 22

Industry chiefs call for boost to demand ■ Tarmac closes four plants

Lowest inflation for 4 years fails to revive pound

By Emma Tucker and Chris Tighe

BRITAIN yesterday moved closer to the government's goal of zero inflation as official figures showed that prices in the 12 months to August rose by 3.6 per cent, the smallest annual increase for more than four years.

But the good news on inflation failed to boost the flagging pound, which closed last night less than 1¼ pfennigs above its DM2.7780 floor in the European exchange rate mechanism.

As Mr John Major, the prime minister, welcomed ~~the drop in~~ inflation, Tarmac, Britain's biggest construction and materials group, gave a harsh reminder of the country's current woes. The company said it was to close four plants and cut brick and concrete block production sharply in response to the construction industry's problems.

The 0.1 per cent rise in retail prices last month was the smallest increase in any August since 1982. The 3.6 per cent inflation rate in the 12 months to August compared with 3.7 per cent in the year to July.

The rate of price increases excluding mortgage interest payments – often taken as a measure of underlying inflation – dropped to 4.2 per cent from 4.4 per cent, the lowest annual figure since April 1988.

According to the Central Statistical Office, which released the figures, many of last year's price increases were not repeated last month at the end of a difficult summer for retailers.

Mr Major, who has put the defeat of inflation at the heart of his economic policy, said Britain was making the "most substantial progress in inflation seen for many years".

At a press conference in Edinburgh he said: "We have now got inflation down to levels it has only touched briefly in the last quarter of a century. What is different is that it looks as though this is a secure reduction of underlying inflation that will be sustainable in the future."

Mr Major said low inflation would improve Britain's competitive position and bring more jobs and greater prosperity.

On Thursday, the Confederation of British Industry said most retailers did not expect consumer confidence to improve before the end of the year while official figures yesterday showed a 5 per cent fall in construction output in the three months to June 30, compared with the same period a year ago.

Also this week, several corporate leaders, including Sir Clifford Chetwood and Sir Owen Green, chairmen of Wimpey and BTR respectively, urged the government to boost demand.

Mr Alan Sugar, chairman of Amstrad, the computer company, yesterday added his voice, saying the government should do more to encourage consumer spending. "I think they should switch attention from inflation to expanding the economy. We have to encourage people to spend again."

Mr Gordon Brown, the shadow chancellor, said the government should be taking action to revive the economy. "When Japan, with 2 per cent inflation and 3 per cent unemployment, takes urgent measures to revive the economy, Britain with 10 per cent unemployment and entering the third year of recession should be acting now," he said.

Shares shrugged off the pound's lacklustre performance, encouraged by the better than expected inflation figures. The FT-SE 100 share index closed up 30.3 on the day at 2370.9.

Man in the middle: John Major goes on a walkabout in the St James Centre, Edinburgh. After several engagements yesterday he is spending the weekend with the Queen at Balmoral

Smith to face tough line from MPs over Europe

By Alison Smith

MR JOHN SMITH, the Labour leader, received warning yesterday that his authority will be tested over policy on Europe following renewed and outspoken attacks by some of the party's senior spokesmen.

The economic criticism of the Maastricht treaty and the European exchange rate mechanism, which has been the theme of Mr Bryan Gould, the shadow heritage secretary, is bolstered today by a warning from Mr David Blunkett, another shadow cabinet member, that enthusiasm for further European integration could risk an increase in racism and fascism in the UK.

Other Labour MPs, including Mr John Morris, the shadow attorney-general, added their voices to those calling for a British referendum on Maastricht.

While the Labour leadership has come under fire for lacking a clear position on Maastricht and for failing to bring the Euro-sceptics back into line, party officials say that there is little to be gained by refining the party's policy until after the French referendum.

Labour's line both on Maastricht and on the ERM in the circumstances after the French decision will be thrashed out at the meetings of the national executive committee, Labour's ruling body, and the shadow cabinet in the week before the start of the party conference in Blackpool at the end of the month. Mr Smith has already made clear that he does not favour a referendum.

After a week in which Labour Euro-sceptics have, unusually, been more vocal than their Tory counterparts, the issue has gathered steam in the run-up to Labour's conference.

On Tuesday, Mr John Edmonds, the leader of the GMB general union – one of the largest Labour-affiliated unions – led calls at the TUC conference for devaluation of sterling, ensuring that the issue is bound to surface when Labour meets in Blackpool.

The forthcoming elections to the national executive committee

Continued on Page 22

Brussels expected to oppose ICI swap deal with Du Pont

By Tony Jackson and Guy de Jonquières

EUROPEAN Commission merger authorities appear ready to oppose a swap of chemical assets between Imperial Chemical Industries of the UK and Du Pont of the US.

The deal is regarded by ICI as an important test case in the rationalisation of Europe's chemical industry. Announced in April, it involves ICI swapping its worldwide nylon interests for Du Pont's acrylic business and £250m in cash.

The Commission's merger task force is expected to recommend to Sir Leon Brittan, the competition commissioner, that the deal be blocked in its present form because it would give Du Pont a dominant position in nylon carpet fibre.

The task force has found that Du Pont's EC market share would be 35 per cent by volume and 43 per cent by value.

The task force's opposition to the deal, however, has split the EC advisory committee on merger cases, where its view is supported by only a narrow majority of governments. The Commission's industry directorate favours the deal.

Brussels officials suggested yesterday that the unusually wide split on the committee could make it harder for Sir Leon to ask his 16 fellow commissioners to veto the transaction. A decision is expected by the end of this month. The official deadline is October 9.

The carpet fibre business accounts for only 20 per cent of ICI's nylon assets. In theory, the task force's objections could be met by excluding carpet fibres from the deal.

This might prove too expensive to contemplate, since nylon fibre is produced at all three of ICI's nylon plants in the UK and Germany. It is not thought that any undertakings short of divestment would satisfy the merger authorities.

ICI argued that the relevant market against which the deal should be measured was that for artificial carpet fibres as a whole, including polypropylene fibres.

It is claimed that polypropylene has increased its share of this market from 14 per cent to 35 per cent over the past 10 years. The argument has been rejected.

Some of ICI's supporters in Brussels concede that the deal raises competition issues in nylon fibres. But they argue that these do not warrant thwarting an otherwise sensible rationalisation of assets.

The deal has also to be passed by the US competition authorities, since it involves ICI becoming the world's largest supplier of acrylic and the second biggest producer in the US. This is expected to pose fewer problems than in the EC, since the market shares involved are smaller.

A US ruling is not expected before the end of the year.

Since the EC merger regulation took effect two years ago, the Commission has blocked only one of 120 mergers notified to it, the proposed takeover of De Havilland of Canada by French and Italian state aerospace companies.

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; Bulgaria Lv25.00; China Fec 12.0; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.50; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr350, Hong Kong HK$16; Hungary Ft162; Iceland IKR180. India Rup20; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1.50; Korea Won 2500, Kuwait Fils 800; Lebanon $US1.25, Luxembourg LFr60, Malaysia Rin4.50; Malta Lm0.50; Morocco Dh13.00; Nigeria Naira20.00, Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 18000, Portugal Esc180 Qatar QR12.00; S Arabia Rls11.00; Singapore S$4.10 Spain Pta200; Sri Lanka Rup30 Sweden SKr14.00, Switzerland SFr3.00; Syria SyP50.00, Taiwan NT$85; Thailand Bht60; Tunisia Din1.260; Turkey L6000; UAE Dh10.00; USA $1.25.

Germans warned of health spending cuts

By Quentin Peel in Bonn

GERMANY has too many doctors and too many hospital beds, and consumes far too many medicines, Mr Horst Seehofer, the health minister, declared yesterday.

As a result, government subsidies for the health service will almost double in the current year, from DM5.5bn (£1.97bn) in 1991 to more than DM10bn in 1992, he warned the German parliament.

The government is demanding that the pharmaceutical industry, hospitals and the medical profession bear the brunt of a drastic savings plan to cut state subsidies by DM11.4bn.

Figures published yesterday showed that west Germans in 1990 spent no less than DM304bn on their health, or almost 10 per cent of gross national product. Per capita, that meant spending DM4,770, an increase of 9.7 per cent over 1989.

Mr Seehofer insisted yesterday that the health service and pharmaceutical industry must share cuts of DM8.2bn, while patients will contribute DM3.2bn in increased charges – in spite of a furious national campaign against the plan by both doctors and dentists.

The German government yesterday announced the establishment of four working groups to bring together government, industry, trade unions, the federal states and local government in preparing a "solidarity pact" to revive the German economy, Quentin Peel reports.

The groups will consider measures to improve the competitiveness of German industry and to finance the reconstruction of eastern Germany.

However, he has agreed to set up working groups both with doctors' organisations, and with the opposition Social Democrats, in an attempt to reach consensus on the details of the plan.

The plan tabled in the Bundestag provides for a 5 per cent cut in pharmaceutical prices from next January, strict limits on the quantity of medicines doctors may prescribe, and a limit on the number of new doctors to be registered with the state-subsidised health insurance schemes.

There would also be increased charges payable by patients for hospital care, and increased prescription charges.

Mr Seehofer said Germany had the second highest density of doctors per capita in Europe. "In the next eight years we expect a further 22,000 doctors to be registered, and yet probably we will not get any healthier," he said.

As for medical prescriptions, he said that neighbouring Denmark, with just as high a life expectancy as Germany, consumed only one fifth of the medicines per capita.

He also said far too many patients who could be cared for at home, or be treated as outpatients, were kept in hospital.

The result of Germany's health boom was that contributions to health insurance now consume 13 per cent of average incomes, and would rise to 15 per cent by the end of 1994 without the savings planned.

Mr Seehofer's offer of talks was welcomed by the Social Democrats, but the opposition is determined to limit the effect on patients.

Russia and Ukraine to make big grain purchases

By John Lloyd in Moscow

RUSSIA and Ukraine, the largest of the former Soviet states, will make big grain purchases on the world market this year – though these are expected to be down on last year following a better harvest than originally forecast.

Russian President Boris Yeltsin told a conference of regional and local leaders in Cheboksary, southern Russia, that the grain harvest would be 110m tonnes, requiring imports of 7m-15m tonnes – a large drop on last year's level of 25m tonnes. However, General Alexander Rutskoi, the vice-president responsible for agriculture, told journalists on Wednesday that the imports required would be 10m-15m tonnes. He did not set a level on the harvest itself.

The figure quoted by Mr Yeltsin follows a briefing from Mr Leonid Chechinsky, the Grain Board chairman, to the effect that the harvest would be a good one and that the yield per hectare would be some 2.1 tonnes, higher than for the past five years.

However, a western agricultural expert in Moscow warned that the break-up of the Soviet Union and the increasing difficulties faced by transport services put the storage and distribution of the grain at risk.

Russia has made desperate efforts to secure hard currency to continue repaying agricultural credits advanced by Canada – second only to the US in exports of grain, with an average of 5m tonnes a year. Canada, which extended C$1.5bn (£625m) in credits to the former USSR, cut off shipments in August after non-payment of arrears, but has since resumed exports and says it will continue to offer credits this year.

Mr Vitold Fokin, prime minister of Ukraine, said yesterday that Ukraine would again need to import 11m tonnes of grain, even though the 40m tonne harvest expected is above average. However, a report from the Russian Information Agency said state farms and peasants were getting round the official embargo on the export of grain by bartering it for goods and selling it to exchanges outside Ukraine.

State purchases of grain from the farms are still running below required levels, in spite of increases in the prices paid to an average of Rbs12,000 a tonne – with hard wheat commanding up to Rbs24,000 a tonne in some areas, notably the Urals.

Mr Alexander Romashko, a senior official in the Agriculture Ministry, said yesterday purchases were now proving more difficult as farms hoarded their grain in expectation of still higher prices towards the end of the year.

New bank to finance Russian projects

By Peter Norman, Economics Correspondent

THE European Bank for Reconstruction and Development is taking a 35 per cent stake in a new bank to provide long-term project finance in Russia.

The EBRD board this week approved participation in the Russian Project Finance Bank, a Moscow-based institution which will provide much-needed corporate finance and project finance in the former Soviet republic.

The bank will have an initial capital of $6m, which will rise to $100m (£50.7m) after two years. It is starting operations with a staff of 30, some of whom are non-Russian experts seconded by western banking institutions. The bank should employ 125 people by the end of its second year.

Ten Russian banks and enterprises will hold stakes amounting to 49 per cent of the bank's capital, while the remaining 16 per cent of the bank will be reserved for the bank's staff under a share ownership scheme. The EBRD hopes to attract western institutions as investors in the bank and will pare back its holding accordingly over time.

The project is the brain-child of Mr Sergei Konyachev, aged 37, a former managing director of the Moscow Narodny bank in London, who will be the new bank's first president.

The project has involved a significant international effort. The European Commission will provide staff training worth around Ecu7m (£5.1m).

As well as providing medium- and long-term credits, the new bank will carry out treasury and capital market operations.

The bank's first chairman comes from the EBRD. He is Mr David Hexter, head of the financial institutions group of the EBRD's merchant banking division. He joined the EBRD recently after working for many years on eastern Europe for Citibank, the US bank.

Yeltsin warned to ease up on reform

By Leyla Boulton in Moscow

MR Arkady Volsky, the head of Russia's powerful state enterprise lobby, yesterday presented President Boris Yeltsin with his most explicit ultimatum yet to go easy on radical reforms or face the full might of factory directors.

But while he accepted that hyperinflation could result from his demands, Mr Yeltsin yesterday hit out at "supporters of cheap credit and unrealistic social programmes" who were pushing the country into "this abyss".

Mr Yeltsin also attacked the policies advocated by Mr Viktor Gerashchenko, acting central bank chairman, saying the central bank should either be made independent of parliament or put directly under the government's control.

Mr Volsky, also a leader of the Civic Union opposition group which includes the country's vice-president, said that unless he got a "positive response" to a 13-point list of demands by November, he would convene a conference of industrial managers.

Apart from reducing the tax burden on enterprises to stem a fall in production, the demands included the creation of integrated groups of companies rather than demonopolisation, price and wage controls, and cross shareholdings between enterprises "as in Japan".

Confused comments from Prof Yevgeny Yasin, the Civic Union's chief economist, who also advises the government, were revealing of the chaos of a group which calls itself a constructive opposition.

Prof Yasin said the government had to "save" industry from devastating rationalisation but must also tighten its financial policy to avoid hyperinflation. He said investment was vital but could only take place with inflation down to 3-5 per cent a month – a level, coinciding with International Monetary Fund targets, which he has described as impossible to reach this year.

His deputy, Mr Sergei Alexashenko did not agree that hyperinflation was to be avoided at all costs. "Argentina was able to invest in conditions of hyperinflation and so would we."

Treaty's meaning in dispute in France's second city, writes **William Dawkins**

Marseillaise find little to sing about in Maastricht

EXACTLY 200 years ago, the people of Marseilles first heard a performance of the republican hymn which France was to adopt as its national anthem.

The port city's first performance of the Marseillaise was sung at a banquet in an elegant neo-classical hall in the rue Thubaneau. The building, now filthy and peeling, is today used as a Turkish bath, run by Nol-el-Dine Benaziza, a sad-eyed, 34-year-old Algerian.

In a way, the building symbolises the changes facing Marseilles. For fears of the death of a republican France of the type portrayed in the Marseillaise, growing unemployment and the problems of a big immigrant population are at the centre of Marseilles city dwellers' concerns as they approach the referendum on European monetary and political union in just over a week.

The Hamam, opened by Mr Benaziza's family during the second world war, serves the Moslem population of a squalid ghetto in the centre of France's second largest city, where a fifth of the population are immigrants.

The rue Thubaneau, a gloomy chasm with cracked and bulging walls, is one of half a dozen streets in the Porte d'Aix quarter that has been left out of the city authorities' renovation drive, a reminder of the deep divisions which have emerged in recent years between the French and the immigrant population.

Mr Benaziza has no right to vote, but he wants the Maastricht Treaty to go through because he thinks it will improve security in his area, a centre for crime and prostitution. Maastricht is unlikely to improve the policing of Marseilles, but Mr Benaziza is not alone in having his own interpretation of the treaty.

Among those who do have the right to vote, by contrast, suspicion of Maastricht and its consequences runs high. A typical example is Mr Florentin André, a supporter of the extreme right-wing National Front (FN), who drives a taxi around the Porte d'Aix area.

A fake Rolex glitters on Mr Florentin's wrist as he fulminates: "We have had enough of these immigrants. They don't work, they take our social security payments, then marry a French person to increase their rights. Believe me, I know. We drivers see the city day and night – it is as if we were the *concierges* of the city."

Mr Jean-Claide Remedjian, his brother-in-law and another FN supporter, adds: "I will vote No twice, with both my right and my left hand."

They speak for an important minority in Marseilles, given that the FN won nearly a quarter of the vote in the Provence Alpes Côtes d'Azur region of which the port city is the capital, in last March's regional elections.

On both sides, French and immigrant, feelings about Maastricht are confused. A striking number do not know, or even want to know, what the treaty is about. Lucie Perault, 67, a Gaullist voter who runs a fruit and vegetable stall in the Marché des Capucins, says she has not read the treaty but will vote no because she thinks the project will drive up unemployment. She is worried about her university-age grandchildren, who cannot find jobs.

A group of Senegalese factory workers, taking a morning smoke outside their hostel in Bellevue (an unsuitable name for this ugly run-down suburb), confess to having no clue what the fuss is about, even though some of them have lived in France for 30 years.

Down in the port, France's largest, people appear a little better informed. A good example is Mr Christian Savino, who reads a circular on monetary union in his office at a dockside warehouse. Competition from cheaper ports across Europe has hit Marseilles hard in recent years, but Mr Savino feels confident that his family's fruit transport business can face the future.

"I am for the opening of barriers. I don't see why the port should not profit from it," he says. "The problem is that the French government campaign has been handled badly and come too late. People round here don't believe what the politicians say any more."

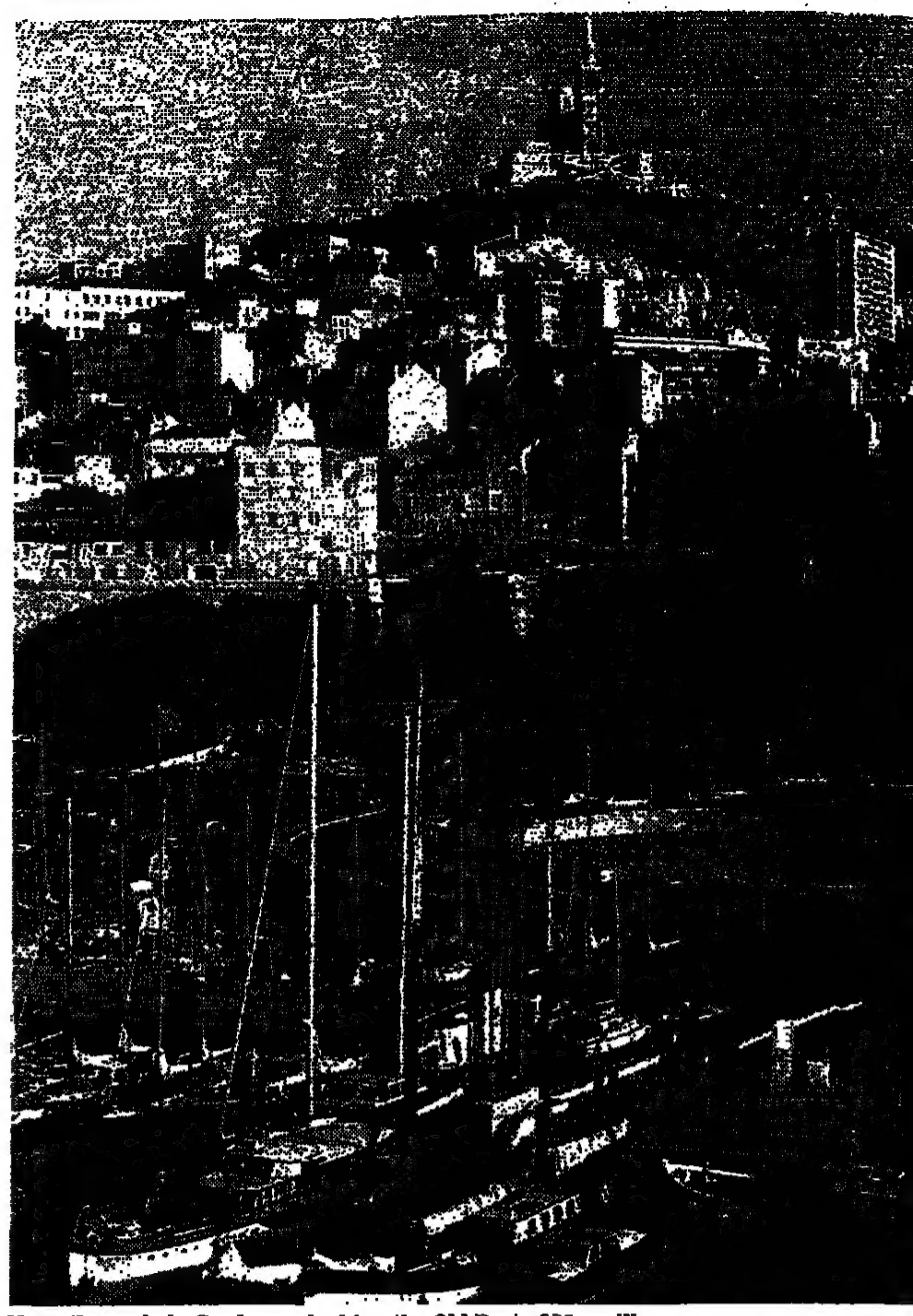
A few hundred yards away, a group of dockers loading containers on a Corsican cargo ship appear as divided on the treaty as the rest of the French public.

"It is just for capitalists. There is nothing in it for us," says Mr Alexandre Hettak, a left-wing voter in charge of a team of 20 dockers. "It should bring social conditions to the highest level in Europe, but instead conditions will fall to the lowest level."

As a mark of how deeply Marseilles' dockworkers feel their livelihoods to be threatened, it is one of the few ports still to hold out against the French government's attempt to reform its 45-year-old dock labour scheme in line with cheaper European competition.

Mr Hettak's colleague, Mr Jean-Pierre Roche, is by contrast a fervent Maastricht supporter. More growth in competition for the port, closer European economic integration – these things are inevitable, he argues. "We might as well share round the cake, otherwise we will all go hungry," he adds.

In Marseilles, as in France generally, the referendum campaign has sparked off an intense but deeply muddled debate. Among the colourful cosmopolitan crowds milling around the harbour front, the outcome is evenly balanced.



Notre Dame de la Garde overlooking the Old Port of Marseilles

Danish opposition offers compromise plan

By Hilary Barnes in Copenhagen

A FORMULA which could resolve the impasse caused by Denmark's "No" to the Maastricht treaty has been put forward by the opposition Danish Social Democratic party (SDP).

The minority Conservative-Liberal coalition needs the support of the SDP – the largest party in the eight-party Folketing (parliament) – for any agreement with the Community.

The SDP's plan would require a special arrangement under which Denmark would participate in European union with exemptions in important areas such as monetary policy and defence.

In particular, the SDP blueprint comes out against Danish membership of the Western European Union, the nine-member European security group conceived as eventually organising common European defence.

The proposals, to be formally approved at the SDP's quadrennial congress tomorrow, are likely to be a crucial ingredient of any deal over Denmark's future relationship with the EC.

Suggesting substantial common ground between government and opposition, Mr Uffe Ellemann-Jensen, the foreign minister, described the SDP plan as "very realistic". Mr Poul Schlüter, the prime minister, said: "It goes in the right direction."

The Danish proposals, which will be worked out in detail later this autumn, have been made necessary by Denmark's rejection of the treaty in its referendum on June 2.

Assuming that France approves the treaty on September 20, the EC will need to work out a deal with Denmark – involving a new referendum next year – before the treaty can go into effect.

Many of the SDP's reservations concern key areas of future EC policies. However, provided France votes Yes, the Community is likely to show considerable willingness to countenance Danish "opt-outs" to allow a face-saving Maastricht compromise.

As well as opposition to common European defence – laid down under Maastricht as a future goal of inter-governmental co-operation – the SDP document reaffirms Denmark's refusal to commit itself to a common European currency.

During treaty negotiations, Denmark already reserved its position on economic and monetary union (Emu), by making its participation in the final phase of Emu conditional on a further referendum.

Among other demands, the SDP favours an assurance from the EC that Denmark decides its own social welfare policies. It wants clarification of the "subsidiarity" principle, laying down that decision-making should be made at the lowest level of government.

It also seeks safeguards against erosion of influence of the small member states in EC institutions.

Additionally, the SDP also rejects the concept of European citizenship – put forward in the Maastricht treaty in connection with voting rights in countries of residence of citizens of other EC members.

However, since Denmark already allows foreigners to vote in its local elections after three years' residence, this SDP stipulation is unlikely to represent an important obstacle to Community acceptance.

Cautious EC response

EC officials yesterday responded cautiously to the Danish Social Democratic party's proposals for a compromise with the European Community on the Maastricht treaty, writes Lionel Barber in Brussels.

A senior EC official said the proposals marked a first step towards a common effort aimed at meeting Danish objections to the treaty, following the rejection of Maastricht in last June's referendum in Denmark.

"It is just the beginning of the negotiation process," an official in Brussels said.

Informal talks are already under way in talks between Denmark and the British presidency.

Talks will gather pace when the Danish government publishes its White Paper on Maastricht after the French referendum on September 20.

The key question is whether the EC and Denmark can agree on how to proceed before January 1, when the treaty is to come into force. Without an agreement – or at least a wide-ranging consensus at the Edinburgh summit of the 12 members in December – Denmark risks being left in legal limbo.

EC officials said some of the Danish proposals, notably the affirmation that they would not send soldiers to serve in a future European army, were uncontroversial, since this was not required under the Maastricht treaty.

Brussels officials said negotiations between the 11 members and Denmark were bound to become tense if the French approve the Maastricht treaty. EC states such as Spain and Italy will want to press ahead with ratification, while the Danish government wants more time to prepare public opinion.

"The timing is extremely delicate," said a senior EC official.

Another difficulty identified in Brussels is Britain's sympathetic attitude to the Danish predicament. The UK government has indicated that it will not lay the treaty before parliament until it is clear how Denmark intends to address the problems raised by last June's No vote. This again risks delaying implementation of Maastricht until after January 1.

Panic shuffles his cabinet to weaken Milosevic

By Our Foreign Staff

MR Milan Panic, Yugoslavia's prime minister, yesterday appointed five new cabinet ministers in an effort to strengthen the federal government at the expense of Serbian President Slobodan Milosevic.

Mr Ilija Djukic, the ambassador to China, was appointed foreign minister, replacing Mr Vladislav Jovanovic, who on Thursday resigned after accusing Mr Panic of betraying Serbian interests. Mr Jovanovic was seen to be carrying out Mr Milosevic's instructions. The other appointments included the posts of finance, agricultural and transport ministers.

The sackings were the latest in a series of moves by Mr Panic to weaken Mr Milosevic's power base. The Belgrade-born California businessman has so far wrested control of the federal army and the Interior Ministry from the Serbian president.

Left: Sarajevo residents queue for water yesterday in an area of the Bosnian capital hit hard by the continuing fighting

Mr Cyrus Vance and Lord Owen, co-chairmen of a Yugoslav peace conference, yesterday met Mr Dobrica Cosic, president of the unrecognised Yugoslavia, which now comprises only Serbia and Montenegro, and Mr Panic.

They later met top military officials and Mr Milosevic, who is seen by the international community as the chief instigator of carnage in Bosnia-Hercegovina.

After the meeting, Mr Milosevic said he was optimistic of a quick end to the bloodshed.

"It is important that the [Geneva peace] conference has assumed a very objective course...leading us to hope that the crisis will be solved much faster than we had anticipated," he said.

"The time for war has long since passed and the time for coming together" of the warring factions has arrived, Lord Owen told reporters. "I believe Mr Milosevic is a very crucial person in that kind of future," he added.

Mr Panic reiterated his intention to halt the bloodshed in Bosnia as soon as possible.

Reuter reports from Rome: The commander of Nato forces in Europe said yesterday peace would return to Bosnia only through a political settlement and criticised those campaigning for military action.

General John Shalikashvili, an American, said in Taranto: "We will not advance the cause of peace if we continue to insist on a military solution to the fighting in Bosnia-Hercegovina."

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US election is Clinton's to lose

Jurek Martin assesses the first week of the presidential campaign proper

A SENIOR adviser to Mr Bill Clinton, speaking delicately off the record this week, said: "I'm sure George Bush can't win this election now, but we can still lose it." This assessment would probably find agreement, also unattributably, in the Bush campaign. The first week of what might be described as the home stretch of the campaign, beginning on Labour Day last Monday, offered plenty of hints as to the tactics of both sides.

Two issues dominated the week – the economy and the truthfulness of both candidates. On the first, there is a universal assumption that the economy itself cannot come to Mr Bush's rescue. If the third quarter GNP returns, to be announced a week before election day, show growth at less than 1 per cent, as may happen and as the Clinton camp, looking for last-minute ammunition, not so secretly hopes, then that will put the seal on what is already evident.

It explains why the thrust of President Bush's economic address in Detroit on Thursday was all about the future. It was also couched in general terms except for its explicit linkage of US performance to the growth of the global economy and free trade. Mr Bush said afterwards this was the most important aspect of his speech.

It was, in essence, an attempt to turn weakness into strength. Never mind the present, Mr Bush was saying, your future is in better hands with a man who understands the *global* picture than with one who would merely impose bigger *domestic* government and higher taxes.

It did not exactly help the presentation that the White House made an awful hash of clarifying one of the president's more strident promises on Wednesday – not to raise taxes "ever, ever", a phrase that will surely haunt him in the weeks ahead as much as his 1988 "read my lips, no new taxes".

But at least Mr Bush was saying something positive about the economy. His surrogates were also saying a lot of negative things about Mr Clinton's character, specifically his not always consistent explanations of how he avoided military service, and this, in turn, puts the Democratic candidate's team on the spot.

It wants the debate to remain firmly focused on the economy. This is what Mr Clinton spent a lot of the week doing, talking about how "to end welfare as we know it" – through a $24bn four-year programme of tax credits and private and community sector employment – and about retraining, particularly in the defence industry. His campaign is convinced the electorate wants to hear what precise policies are in store, always a Clinton strength.

> Bush's promise not to raise taxes "ever, ever" *will surely haunt him* in the weeks to come

Some advisers think that to counter Mr Bush's incessant labelling of their candidate as a man who enjoys increasing taxes, much more should be heard of his proposals to lower them on the middle classes and about how he would reduce the federal deficit, on which he is said privately to be an economic hawk.

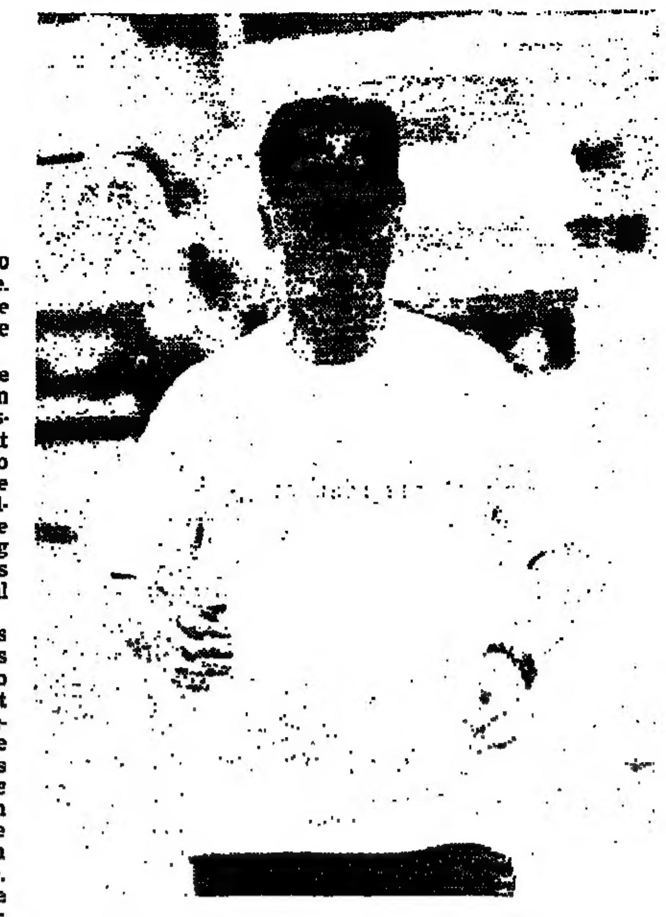
But that is not their great fear. Their fear is that he will be side-tracked, as he was briefly this week, into a slanging match, fending off charges about the draft with counterblasts at Mr Bush's alleged involvement in Iran-Contra and the re-arming of Saddam Hussein's Iraq. The concern here is twofold: that to engage in such exchanges will only highlight Mr Clinton's character and the suspicion that past foreign entanglements by the president do not really interest the public. Absent a smoking gun, neither Iraq nor Irangate yet equals Watergate; lying to Congress is widely seen as routine.

The Bush week, in both its positive and negative respects and excepting the tax pledge mess, bore all the hallmarks of Mr James Baker, now in full control of the campaign. Mr David Broder, austere political columnist of the Washington Post, complained bitterly that it was typically Bakeresque that "the public must lose its chance to hear a serious discussion about the nation's future".

Mr Baker certainly seemed to have put an end to a lot of presidential talk about traditional family values, a non-winner according to all the polls. It was surprising, therefore, that Mr Bush took himself off to Virginia last night for a speech to the Rev Pat Robertson's Christian Coalition, which thinks that gays of both sexes are conspiring with liberal perverts to undermine the nation's moral fibre. Mr Robertson, however, might be good at getting out the conservative vote.

The final Baker touch, so irksome to Mr Broder, was his prevarication over the format of the upcoming presidential debates. The suspicion is that he does not want Mr Bush exposed to a one-on-one with Mr Clinton in the presence of a single self-effacing moderator but would prefer the presence of grandstanding journalists asking outlandish "character" questions because they pose a greater potential threat to Mr Clinton.

There will be two or three debates in the end, because Mr Bush needs them. Ms Elaine Kamarck, who advises Mr Clinton, probably got it right when she said the announcement of debates tended to turn the public off the campaign in the days *before they take place. Mr Baker, she* pointed out, needed to keep Mr Bush moving, and on the offensive, all the time. Freezing opinion with him ten points behind did not make sense. Such was not the characteristic of the first week. With both candidates invoking President Harry Truman at every turn, it hardly could have been.



Running for president: Clinton went jogging yesterday amid fears he will come off worse in a slanging match with Bush

NEWS IN BRIEF

Bush seeks campaign boost in F-15 sale

By George Graham in Washington

PRESIDENT George Bush flew to St Louis, Missouri, yesterday to tell workers of his backing for the sale of 72 F-15 fighters to Saudi Arabia at the McDonnell Douglas plant which builds the aircraft.

Mr Bush had already hinted that he was likely to approve the sale, but chose to turn the formal announcement into a rally for his election campaign, as he did last week when he reversed his policy on arms sales to Taiwan by agreeing to the sale of F-16 fighters built by General Dynamics in Texas.

Missouri, though it has fewer electoral votes than Texas, is similarly viewed as critical to Mr Bush's chances of winning re-election.

Although Israel and its supporters in the US have in the past objected to the sale of F-15s to Saudi Arabia, administration officials say they do not expect strong opposition from the Israeli government.

US wholesale inflation falling

US producer prices rose just 0.1 per cent in August, the Labor Department reported yesterday, cutting the rate of wholesale inflation over the last 12 months to 1.5 per cent, George Graham reports. Lower fuel prices offset a 0.7 per cent jump in food costs, as bad weather in California, New York and New Jersey boosted vegetable prices by 30 per cent.

Tourism deal on disputed islands

Russia has made its first territorial "concession" over the disputed South Kurile Islands by leasing 378 hectares to a Hong Kong company which wants to build a tourist complex, Leyla Boulton reports from Moscow.

Mr Viktor Sirenko, deputy governor of the Sakhalin and Kurile region, who is trying to develop the four islands' economic potential despite the row with Japan, said a company called Carlson and Kaplan had paid Rbs200m for the 50-year lease. They had promised to equip Shikotan island with hotels, a casino, and riding, cycling and shooting facilities – and its first proper road.

The concession could further strain relations with Japan, which has withheld any finance for the islands until they are returned to it – a hope that took a major blow this week when President Boris Yeltsin cancelled his visit to Tokyo.

Burma's military rulers lift curfew

The Burmese military government has withdrawn the four-year-long night curfew order with effect from yesterday, saying that the improved law and order situation in the country has rendered the restriction no longer necessary, Chit Tun writes from Rangoon.

Japanese economy heads firmly for the doldrums

By Steven Butler in Tokyo

THE Bank of Japan yesterday moved quickly to dampen expectations of a cut in interest rates after the central bank's quarterly survey showed a severe deterioration in business conditions.

A bank official said the Tankan, or short term economic survey, was in line with central bank expectations and would not prompt a review of monetary policy.

The Tokyo Stock Exchange, which was sharply down for most of the day, fell further following publication of the report.

The Nikkei average finished the day down 800.78 points at 18,107.69.

The survey painted the picture of a deeply depressed economy with few signs of an immediate turnaround.

The closely-watched index of business conditions in manufacturing fell from -24 in May to -37 last month.

Just as important, the index for non-manufacturing plunged from 1 to -13, reflecting sharp deterioration in construction, retailing and other services.

The survey was conducted after the central bank cut interest rates by half a point to 3.25 per cent in late July, but before a Y10,700bn (£44bn) emergency economic programme was announced on August 28.

Excess stock levels continued to build during the quarter, with the index of inventories rising from 32 to 38.

The rise points to a further steep decline in industrial output in the months ahead as companies try to reduce stocks of unsold goods at a time when consumer spending is cooling rapidly.

A central bank official said that company efforts to reduce stocks would be completed by the end of the year, although the bank has been consistently over-optimistic this year about the pace of inventory adjustment.

Pre-tax profits are expected to be down by 12 per cent in the current fiscal year for manufacturing companies, and 8.5 per cent for non-manufacturers.

Manufacturers are expecting a 30.2 per cent decline in the first half of the year, followed by a 10.4 per cent rise in the second half.

The central bank said the rise was predicated on a recovery of the economy expected to begin in the new year.

Large enterprises revised capital spending plans downward by 0.6 percentage points during the quarter, with planned spending down by 2.8 per cent this fiscal year compared to last year.

Manufacturing investment is expected to be down by 10.4 per cent, while non-manufacturing investment, excluding public utilities will be flat.

This will be compensated for partly by a planned 7.8 per cent rise in public utility investment.

Ratios of financial liquidity declined, although the central bank said these were still high by historic standards.

Small enterprises planned to slash capital spending by 22.5 per cent this year, although the size of the decline is expected to be more moderate as companies finalise plans.

Trade surplus grows as import demand weakens

By Robert Thomson in Tokyo

JAPAN'S trade surplus in August rose 31.6 per cent on a *year earlier to $7.5bn (£3.8bn)*, as demand for imports continued to weaken and China surpassed Germany as the country's third largest trading partner.

The Ministry of Finance said the increase in the surplus was due to an appreciation of the Japanese currency. In yen terms, exports were marginally lower, but imports fell by 7.7 per cent, reflecting the slowing of the domestic economy.

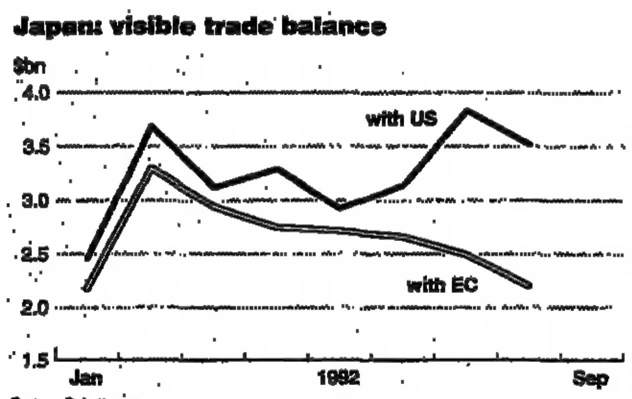
In dollar terms, Japan's exports rose by 6.9 per cent to $26.5bn and imports fell 0.4 per cent to $19bn. Seasonally-adjusted, exports fell 2.8 per cent from a month earlier to $28.2bn, while imports were down 5 per cent to $19.5bn.

The most striking increase in exports was in semiconductor equipment, which rose 12.3 per cent in apparent response to improvement in the US computer market and as a result of falling demand in the domestic market.

Similarly, steel exports increased 12.9 per cent by volume, though only 2.7 per cent by value, as leading steel makers sought replacement markets for their products. Motorcyle exports rose 17.9 per cent by volume and 20.3 per cent by value.

Exports to the US rose by 2.9 per cent to $7.74bn, while imports fell 7.4 per cent to $4.2bn, leaving a surplus of $3.5bn, up from $2.9bn in the same month last year.

Japan: visible trade balance



Source: Datastream

Meanwhile, Japan's exports to the EC rose 10.2 per cent to $4.7bn and imports edged 0.3 per cent higher to $2.5bn.

The largest increases in exports to the EC were in car parts (up 36.7 per cent), integrated circuits (up 18.3 per cent), office machinery (17.7 per cent), and passenger cars (15 per cent).

Each of these Japanese industries is reporting slower sales and falling profits in the domestic market.

Trade with China continued to expand sharply, with exports from Japan 26.6 per cent higher and imports rising 29.7 per cent. Another sign of increased demand from the fast growing southern Chinese economy was a 30.9 per cent increase in exports to Hong Kong.

The consistently large increases in trade with China sees that country on the verge of becoming Japan's second largest trading partner, a position that it is likely to consolidate in coming months. A year ago, China was the fifth largest partner, behind the US, South Korea, Germany and Taiwan.

Asia and Pacific bloc agree secretariat

By Peter Ungphakorn in Bangkok

THE 15 members of the Asia Pacific Economic Co-operation group (APEC) have decided to put the organisation on a more permanent footing by setting up a small secretariat in Singapore.

The decision was reached in Bangkok, at the group's fourth annual ministerial meeting, which ended yesterday. The ministers also agreed a programme to prepare for regional trade liberalisation and issued a statement calling for a speedy end to the Uruguay Round of world trade talks, held under the General Agreement on Tariffs and Trade (Gatt).

APEC, set up in 1989, comprises the US, Canada, Japan, South Korea, China, Hong Kong, Taiwan, Australia, New Zealand and the six members of the Association of South East Asian Nations – Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Members say its main value has been its regular consultations and studies on matters such as compiling regional trade data.

The decision to site the secretariat in Singapore is partly to quell worries in south-east Asia that the smaller nations will be dominated in APEC by Japan, the US and other economic powers.

The Uruguay Round statement issued yesterday includes calls for the major economies in particular to settle their differences, and for countries such as the US to refrain from *taking unilateral retaliation* against countries deemed to be trading unfairly.

Mr Gareth Evans, Australia's foreign minister, said yesterday he had been assured by US officials that the Bush administration would push for a Uruguay Round settlement some time between the French referendum on Maastricht and the US presidential elections in November.

De Klerk calls for early summit with Mandela

By Patti Waldmeir in Johannesburg

SOUTH Africa's President F W de Klerk yesterday welcomed the decision by Mr Nelson Mandela, African National Congress president, to attend an emergency summit on violence.

"What is now of critical importance...is that we should meet as urgently as possible," Mr de Klerk said after meeting senior ministers. He said the constitutional development minister, Mr Roelf Meyer, would discuss a time and venue for the meeting with ANC secretary-general Mr Cyril Ramaphosa.

Mr Ramaphosa said on Thursday the ANC would refuse to attend such a meeting until the government had taken steps to meet certain conditions. But he left open the possibility of negotiating around the conditions. These included releasing 400 prisoners whom the ANC claims are political prisoners, as well as banning the carrying of dangerous weapons in public and implementing measures to prevent the use of single-sex hostels to launch attacks on surrounding black townships.

Yesterday government officials rejected the ANC conditions, but observers nevertheless expected both sides to find a way of allowing the talks to take place.

The ANC and the government seem set for a test of wills over these issues, which had been under discussion for some weeks before the Ciskei massacre. The ANC judges that its bargaining position has been strengthened after the events in Ciskei, which have been condemned worldwide, and that it can use this added leverage to force an agreement on the release of political prisoners.

The government is hoping to enlist the international community to pressure the ANC into attending the violence summit, without making any further major concessions on the prisoners.

Action cannot be delayed indefinitely, however, as the ANC made clear yesterday it would pursue its campaign against anti-ANC homeland leaders by marching next weekend on the capital of the Bophuthatswana black homeland, ruled by President Lucas Mangope, one of the organisation's most bitter rivals.

ANC officials said they would adopt a less confrontational strategy than in Ciskei, where 28 people were shot dead by security forces after marchers deviated from their permitted route. But the potential for violent conflict in Bophuthatswana remains high.

Meanwhile business welcomed the ANC's decision to attend talks on violence. "Even a conditional positive response by the ANC alliance to renew high-level negotiations could have an early favourable impact on business confidence," South African Chamber of Business Director Raymond Parsons said in a statement.

● The South African Defence Force yesterday said the armed wing of the ANC was plotting to kill Ciskei homeland leader Brigadier Oupa Gqozo.

The ANC denied the allegation, saying the organisation was "in no way planning to assassinate Gqozo. We reject the charge as false propaganda."

General George Meiring, the South African army chief said the ANC, which formally suspended its armed struggle when it was legalised in February 1990, appeared to be stockpiling arms in the region. The cache included a rocket launcher and Ciskei security force uniforms, he said.

"Since the tragedy (on Monday), Ciskei is experiencing violence on a scale not seen in a long time," General Meiring said. "At least 15 houses belonging to members of the Ciskei defence force and police have been burned."

Protestors outside China's unofficial embassy in Hong Kong yesterday, demanding the release of dissidents in China

Hong Kong speculates over Patten's flying visit

By Simon Davies in Hong Kong and Alexander Nicoll in London

MR Chris Patten is to make a flying visit to London on Tuesday for discussions with Mr John Major, the prime minister, on the issues he plans to raise in his first key policy address as Hong Kong's governor on October 7.

Mr Patten's planned speech has generated considerable speculation in the colony, particularly on the approach he will take to the development of democracy in the run-up to the *transfer of sovereignty* from Britain to China in 1997.

Some officials expect him to announce changes to Hong Kong's political institutions and a widening of the scope of democracy, though perhaps without altering the pace, previously agreed with China, of direct elections to the Legislative Council.

Mr Patten's visit was arranged at short notice at his request, according to Hong Kong government officials. He will arrive on Tuesday morning and leave for Hong Kong the same evening. The meeting was interpreted positively in Hong Kong as underlining Hong Kong's rising position on the agenda of the government in London.

Negotiations with China on the financing of Hong Kong's new airport are expected to be another topic in the talks with Mr Major and Mr Douglas Hurd, the foreign secretary. Mr Hurd is expected to meet Qian Qichen, China's foreign minister, at the United Nations General Assembly in New York later this month.

Uncertainty about Mr Patten's plans for democracy is widely thought to have been a factor delaying Chinese approval of the airport financing plans.

However, there were signs of progress on the airport this week when China made a new proposal which the Hong Kong government said it would examine seriously. It is important for Mr Major that the airport plans proceed smoothly, because his visit to Beijing last year to sign a memorandum of understanding on the airport was the price for securing China's agreement to let the project go ahead.

The airport is planned to open before British sovereignty over Hong Kong ends in 1997, but this target could be in danger if the financing plans are delayed much longer. The joint Sino-British airport committee is expected to meet again on Wednesday to discuss China's latest proposals.

British government officials could make no comment yesterday on the agenda for Mr Patten's talks.

Among issues in Mr Patten's policy statement, one area of possible change is expected to be the structure of the Executive Council (Exco), now the equivalent of a cabinet, appointed by the governor. Exco members have offered their resignations, allowing Mr Patten the possibility of splitting the executive from the legislature and turning the former into a purely advisory body.

Major gambles his authority on the pound

IT IS time to start taking much more seriously Mr John Major's commitment to the value of the pound. It can no longer be dismissed as the ritual pledge of a prime minister in the heat of battle with speculators on foreign exchange markets. Instead, it marks the return of conviction politics.

When Mr Major declared this week that he would not devalue sterling, he meant it – in his heart as well as his head. He knowingly staked the political authority of his government on his capacity to stick to the pledge.

He might yet be overwhelmed by the financial markets. If the French vote No to the Maastricht treaty on September 20, it may be that no amount of central bank intervention can protect the weaker currencies in the exchange rate mechanism. Nor might higher interest rates be enough to hold the pound's value against the D-Mark.

Even if France backs the treaty on European union, it is far from clear that the markets will be tamed. As long as the recession persists and the Tory party retains a penchant for self-inflicted wounds, the doubts in the currency markets about Mr Major's resolve will remain.

Talk to enough Whitehall mandarins and it is not difficult to find experienced hands who laud the prime minister's good intentions but mutter darkly that the policy may ultimately be doomed. Talk to enough ministerial colleagues and there are frequent reminders of the cardinal rule that everything in the end must bend to political reality.

It is much harder to find any hint of doubt over Mr Major's determination. He is as adamant in private as in public that he will not bend - that he will defeat inflation and that the ERM will provide the framework to do it.

It is partly personal. It was Mr Major who, as chancellor, persuaded the then Mrs Margaret Thatcher to lift the veto on ERM membership that had led Mr Nigel Lawson to storm out of her cabinet. It took Mr Major nine months to win her round. He rightly regarded it as a triumph. Two years on, he is not willing to devalue that along with the pound.

However, Mr Major is also a pragmatic politician. He outflanked more experienced rivals in the leadership race by persuading those from the right and the left of his party that he was One of Them. In Downing Street, he has displayed the same mastery of the politically possible.

But inflation is an issue on which pragmatism has hardened into conviction. Long before he entered No 10, Mr Major blamed Britain's long-term economic decline on its poor inflation performance. The destruction wrought by the inflationary boom of 1988 confirmed his judgment.

He believes inflation is as destructive socially as it is economically. It wrecks business profits and investment, impoverishes those on fixed incomes and – crucially for a politician with Mr Major's humble background – those struggling to climb the economic ladder by building up their savings.

So if the now Lady Thatcher saw her mission in politics as the defeat of socialism, Mr Major is bidding for a place in history as the prime minister who tamed inflation.

He is aware of the parallels drawn with predecessors who forfeited their political authority in vain attempts to resist the markets. The most common comparison is with the then Mr Harold Wilson, whose government was torn apart by the devaluation of 1967.

The lesson Mr Major draws, though, is not that Mr Wilson was unwise to take on the speculators – rather that subsequent events demonstrated that it was impossible to steal a competitive edge through devaluation.

Some in Whitehall have been urging Mr Major to leave an escape hatch: to keep open the option of covert devaluation in a general ERM realignment and to put some distance between himself and Mr Norman Lamont. This week Mr Major did the opposite. He dismissed realignment and deliberately praised his chancellor.

He is not a masochist. He will do all he can to defend the pound without raising interest rates. Next month's Conservative party conference already promises to be rough. The prime minister does not want to court open rebellion.

But now there is no going back. If the pressures intensify, Mr Major will be forced to raise borrowing costs or abandon the political authority won only five months ago in the general election.

His cabinet colleagues are convinced he will fight to the end to defend the pound. Most ministers agree that he has no other choice; and most believe that he is anyway right.

Mr Major denies that the economy will remain mired in recession so long as sterling is tied to its present rate against the D-Mark. He acknowledges that recovery will be slow but insists it will come. If he rides out the storm, his authority will be unassailable. If he loses to the speculators, it will be shredded. But then, conviction politics always were a gamble.

Philip Stephens

Tarmac to close four factories

By Andrew Taylor, Construction Correspondent

TARMAC, Britain's biggest construction and materials group, said yesterday it was closing four plants as well as cutting output of bricks by more than a third and production of concrete blocks by more than a tenth.

The closures will lead to the loss of 300 jobs in addition to the 5,000 Tarmac has shed in the past 18 months.

The mounting crisis in the construction industry was underlined yesterday by the decisions by two more building groups, Evered Bardon and Lilley, to cut or cancel their interim dividends.

Meanwhile, environment department figures issued yesterday showed a 5 per cent fall in construction output in Great Britain during the three months to the end of June compared with the corresponding period last year.

The Building Employers' Confederation, the largest trade association in the industry, said the figures were disastrous for a sector that already been in recession for at least three years.

"They would have been even worse but for an increase in public spending," the confederation said. "This shows how important it is that government should not reduce investment in construction in the autumn spending round."

The brick industry has been hit harder than most by the construction downturn because about 60 per cent of bricks are sold for housebuilding.

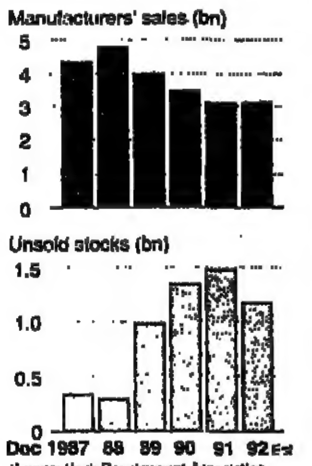
The brick manufacturing workforce has fallen by 30 per cent since 1988 from 14,000 to fewer than 10,000. Nevertheless, the industry continues to suffer from serious overcapacity. More than 1.4bn unsold bricks, equivalent to six months' supply, were stockpiled by manufacturers at the end of July – enough to build 170,000 homes.

Even after recent plant closures announced by Redland, Butterley and Tarmac, the industry will have the ability to manufacture 900m more bricks a year than it is selling, representing overcapacity of almost a third.

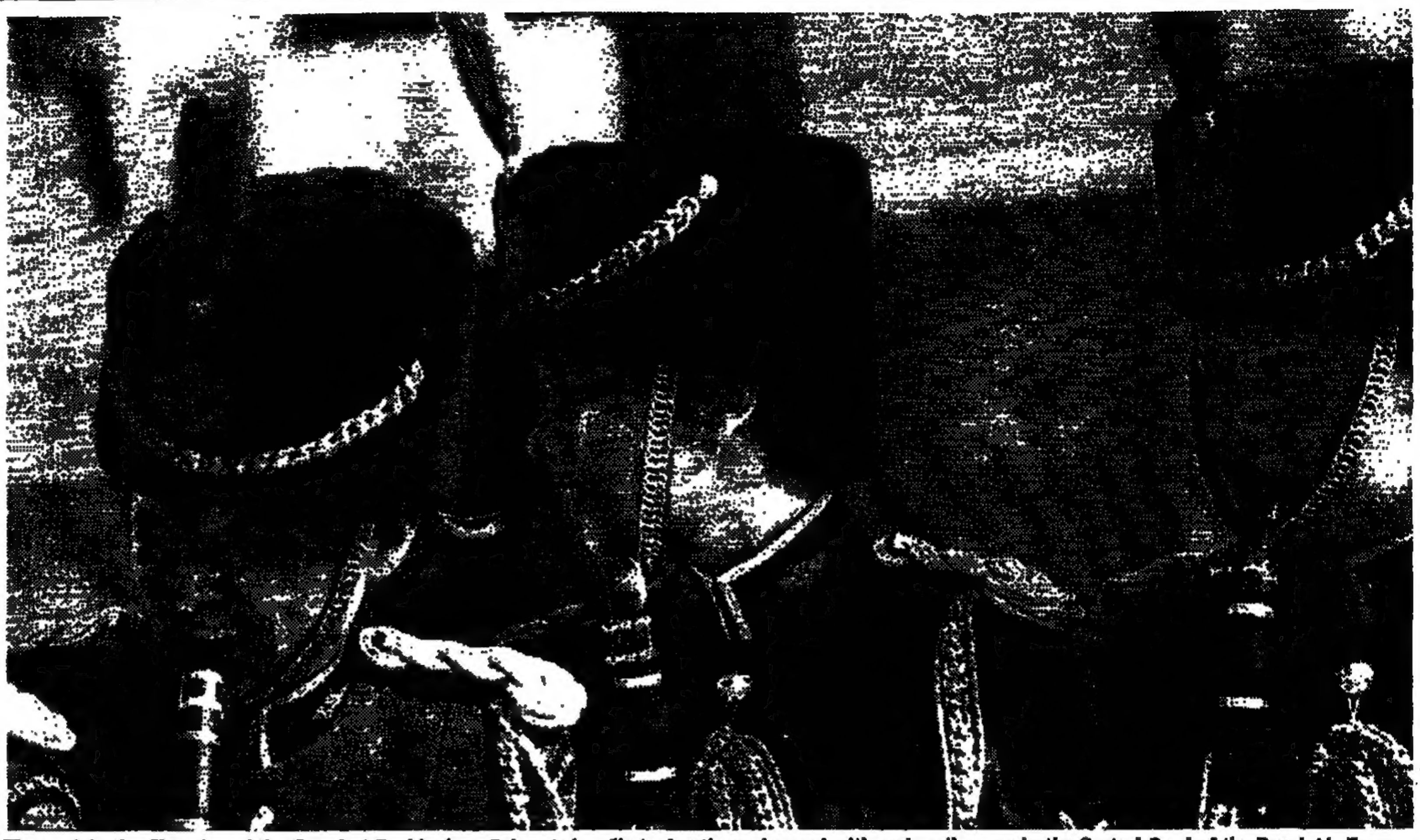
Mr Neville Simms, chief executive of Tarmac, said the closures were a response to an industry-wide affliction. He added: "We do not expect to lose market share, and look to our competitors to follow this strong lead in reducing industry capacity in line with both current and foreseeable market demand."

The closure of four plants by the company will reduce its capacity from 270m to 170m a year. The plants are at Bothwell Park, Strathclyde; Campbell, Derbyshire; Severn Valley, Avon; and Kibblesworth, Tyne and Wear.

UK brick industry



Source: Brick Development Association



Women join the Changing of the Guard at Buckingham Palace today. Yesterday they rehearsed with male colleagues in the Central Band of the Royal Air Force

Ashdown backs caution on a pact with Labour

By Alison Smith

LIBERAL Democrats have "everything to lose and nothing to gain" from national pacts with other parties according to a pamphlet launched yesterday with the blessing of Mr Paddy Ashdown, the party's leader.

Mr Simon Hughes, MP for Southwark and Bermondsey and one of the authors of the pamphlet, said that pre-election pacts should be ruled out, but co-operation with Labour after the next election would be worthwhile if it delivered proportional representation.

Senior party figures are keen that the party conference in Harrogate, which begins tomorrow should not be overwhelmed by the question of electoral pacts.

However, the difficulty of achieving this was demonstrated again yesterday by the interest shown in the backing among party members for Mr Ashdown's proposal for dialogue with members of other parties. The pamphlet published yesterday says that: "To encourage and advance the Liberal Democratic agenda" individuals and groups from within the party should hold discussions with people in Labour and other parties.

But it says also that for the "foreseeable future" the task of Liberal Democrat campaigners is to maintain the party's clear and separate identity. The conference will debate strategy in an informal session tomorrow and in a more formal debate on Wednesday.

● The sending of British forces to Bosnia was still not a reason to recall parliament, Mr John Major said yesterday, dismissing a demand from Mr Paddy Ashdown for MPs to be able to debate the move before the troops receive the order to set off as part of the United Nations mission.

Pathways To Power. Liberal Democrat Publications, 8 Fordington Green, Dorchester, Dorset. £3.75.

Postgraduate grants shortage

By Andrew Adonis

THOUSANDS of qualified science and engineering graduates, including hundreds with first-class degrees, are unable to secure state funding for postgraduate work in the coming academic year.

According to this week's Times Higher Education Supplement, more than 8,000 applications have been lodged for 5,000 studentships offered by the Science and Engineering Research Council (SERC).

More than 400 students with first-class degrees will not secure SERC funding.

The Natural Environment Research Council will be able to fund only 5,000 of 7,800 applicants.

Applications for taught master's courses and research programmes have increased significantly this year. It is more than a reflection of the recession, as the proportion of graduates remaining at university to take higher degrees has been rising steadily in recent years. University statistics released this week indicate that more than a quarter of the graduates from older universities are staying on to undertake further research.

State funding for taught courses and research studentships has remained broadly static, however.

Lloyd's agency is bought by rival

R.H.M. OUTHWAITE, the Lloyd's underwriting agency that agreed to a £116m settlement to its members in February after they sued it for negligence, came to the end of an era yesterday with the announcement of its sale to Barder and Marsh, another Lloyd's agency, Andrew Jack writes.

An official said Mr Outhwaite's "personal support in the market was not sufficient to sustain an independent ongoing business".

The sale includes Lloyd's syndicates 317, 1047 and 1061 for the 1993 and later years of account, as well as the Outhwaite Members' Agency. The present chief executive will not move with the business.

Mr Outhwaite will continue to administer the run-off of the existing underwriting years that have not yet been closed, which are 1982 and 1990 to 1992.

Opt-out school in cash crisis

A FINANCIAL crisis in a grant-maintained school in Dorset has led to the suspension of the head teacher and the redundancy of seven teachers.

Woodroffe School, Lyme Regis, has a deficit of more than £80,000, forcing the governors to suspend the head teacher last week after a vote of no confidence by the staff and an audit.

Grant-maintained schools are not allowed to run deficits, and the Department of Education has the power to close them.

Builders compete for stadium

FIVE large construction companies will compete to design and build the £9m velodrome (cycle stadium), being built as part of Manchester's bid for the 2000 Olympic Games.

The five – chosen by Manchester City Council from 30 bidders – are Mowlem, Amec, John Laing, Tilbury Douglas and Taylor Woodrow. Detailed designs have to be in by early next month so the winner can be picked for work to begin in January.

Steel output shows increase

AVERAGE British weekly steel production in August was 1.1 per cent higher than for the same month last year, British Steel and the British Independent Steel Producers' Association said.

Actual production averaged 277,800 tonnes a week in August, up from 274,900 last year, but the seasonally adjusted figure of 331,500 tonnes in August was below last year's 341,500 tonnes.

Suspension lifted

FIMBRA, the financial services regulatory body, yesterday said it had lifted its suspension of Business Sales Insurance Services Ltd, of Regent St, London.

The company was suspended from conducting investment business on August 14 for failing to maintain professional indemnity insurance cover. That had now been obtained, Fimbra said.

Thorn EMI

THORN EMI wishes to point out that the high average remuneration to its directors of £850,000 shown in the accounts to March 31 1992, as reported in last Thursday's Financial Times, is substantially skewed by the remuneration of the head of its US music division, who receives £3.8m. The UK average is £221,000.

Nalgo strike at council resumes after court victory

By Lisa Wood, Labour Staff

WORKERS at Newham Council in London went back on strike yesterday after their union won its appeal against a High Court order to call off the industrial action.

The legal move was the first by a Labour-led council against a trade union using Conservative employment laws. The High Court's order, made earlier this month, would if upheld have had important implications for what a trade union could do before a ballot on industrial action.

Mrs Justice Ebsworth, in granting Newham Council an injunction against the union, said it was "clearly arguable" that the union had promoted the strike call before the ballot and was therefore in breach of Section 7(3) of the Employment Act 1990.

The act says there must be no call for or authorisation of action before a ballot.

Nalgo, the public-services union, had promoted localised strikes against compulsory redundancies before balloting its whole membership.

Three Court of Appeal judges set aside Mrs Justice Ebsworth's provisional ruling.

Lord Justice Woolf said Nalgo, while demonstrating that it wanted industrial action to be members not already on strike, was not calling on themto strike.

The union was awarded costs for the original High Court action and for the appeal.

TUC may invite minister to speak

By David Goodhart and Michael Smith

MRS Gillian Shephard, the employment secretary, or even Mr John Major, the prime minister, may be the central attraction at next year's Trades Union Congress in Brighton.

Yesterday, as this year's congress closed, several union leaders were floating the idea of inviting a senior cabinet minister next year. The most memorable moment of this year's congress came when Mr Howard Davies became the first director-general of the Confederation of British Industry to address the TUC.

A controversial invitation would stave off the growing public indifference towards the annual congress and serve to underline the unions' increasing independence from the Labour party.

Mr John Edmonds, leader of the GMB general union, welcomed the idea of inviting a senior member of the government.

The two events that had attracted the most positive attention for the TUC in recent years were the address in 1988 by Mr Jacques Delors, president of the European Commission, and that by Mr Davies this year, he said.

"It would have many advantages," Mr Edmonds said. "We are confident of our own ideas and values and I don't feel threatened by hearing contrary views."

Mr Tony Young, leader of the NCU communications union, said an address by a cabinet minister was a good idea. Governments and unions should have more dialogue, he added.

The AEEU craft union is already planning to invite Mrs Shephard to address its executive later this year, but Mr Gavin Laird, the union's general secretary, said that such an invitation to the TUC might be a "step too far".

Mr Rodney Bickerstaffe, leader of Nupe, the public-services union, struck a cautious note. "I would like to see more change in the government's position on trade unions before giving it more serious consideration," he said.

Mrs Shephard might find an invitation to the TUC hard to resist. Although she is pressing ahead this autumn with another round of tough legislation – inherited from her hard-line predecessor Mr Michael Howard – she has also announced that the "war" with the unions is at an end.

Ofwat meter study may inflame water debate

By Bronwen Maddox, Environment Correspondent

NEARLY one household in 10 with a water meter as difficulty in coping with water bills, according to a study published yesterday by Ofwat, the water industry watchdog. The findings are likely to inflame debate over the benefits of water metering.

The report into the social impact of water metering also finds that 41 per cent of homes fitted with a water meter make no effort to curb their consumption.

Ofwat, together with the Department of the Environment, has thrown its support behind wider household metering to help cut demand for water in regions suffering a shortage.

However, consumer groups have protested that poor families would pay more.

Mr Ian Byatt, Ofwat's director general, pointed out that 91 per cent of those surveyed had no difficulty in affording their metered water bills.

He said: "Overall, the trials do not appear to have caused difficulties for many customers and this is encouraging."

Advocates of metering will also get support from Ofwat's finding that 35 per cent of households used less water under metering.

Nevertheless, the National Consumer Council said the results bolstered its opposition to meters.

Ms Wendy Toms, of the council, said:"It is clear from this survey that if people can afford to pay bills generally then they are not going to save water. The hardship of saving water will fall most on the poorest people."

The survey was based on more than 6,000 homes in England and Wales where meters have been fitted on a trial basis. Only 3 per cent of the 21m homes in England and Wales now have a water meter, but the report notes that the areas hosting the trials "are generally more affluent than Great Britain as a whole".

Ofwat said that within the 3.3 per cent of metered homes having trouble in paying metered water bills, most were low-income households where there was a struggle to pay other bills.

On further interviewing, it found that "the majority of this group worried a lot about their water bills and in some cases this had contributed to family tension and argument".

Planning a decade without power

David Goodhart and Michael Smith on loosening links with Labour

A DELEGATE returning to this year's Trades Union Congress after an absence of 10 years would have found much unchanged.

There were composite motions combining contradictory views and an arcane internal dispute – over the readmission of the EETPU electricians' union – which was incomprehensible to most outsiders, but was almost the only matter to excite the delegates all week.

But beneath the surface, radical steps were being taken to reposition British trade unionism for another decade without political influence.

Most union leaders accept that they will carry influence in industry or politics only if they effectively represent the varied, sometimes contradictory, interests of their members.

That means a looser link with the Labour party, a slimmed-down TUC bureaucracy and a new relationship with employers, symbolised in the highpoint of the week – the address to Congress by Mr Howard Davies, director general of the Confederation of British Industry,

Plenty of wise things were said in the debate on slimming and refocusing the TUC bureaucracy, and it was agreed to reduce the TUC's priority areas from 17 to six.

The political will to stop the TUC spreading itself too thin is not yet there, though, and Congress once again committed the bureaucracy to innumerable fresh campaigns.

A new leader at Congress House, the TUC headquarters in London, might provide the impetus genuine refocusing requires.

Mr Norman Willis, the TUC general secretary, bounced back from pre-Congress speculation about his future and had, by his standards, a reasonable week. But he is almost certain to go within the next year.

During that period, the unions' ties with the Labour Party will be re-ordered.

There was no TUC debate on the subject but there was a vivid illustration of why some want to abolish the link when Mr John Edmonds, leader of the GMB general union, led calls for the devaluation of sterling.

Either the union leaders will change Labour's policy, undermining the party's claim to speak for the country as a whole, or they will create a row between the the two "wings" of the labour movement.

Most union leaders recognise the constraints the Labour link imposes on their political lobbying and are keen to become more broad-based. But few can contemplate an end to direct influence in the party.

There is no reform model leading the debate. The idea of converting the 5m political levy payers in the unions, most of whom are unaware that they even pay the levy, into "associate members" of the party, is widely considered too complex and a recipe for bankrupting the party.

The best guess is that the union vote at the Labour conference, the central element of the link, will continue to decline to 50 per cent or less and votes will not be cast in blocks.

If there is ever another Labour government, much will have changed. It will have looser links with organised labour and much else will have changed from 1979 – the last time Labour held office.

Major sees prominent Scots to 'take stock'

By Chris Tighe

THE PRIME MINISTER held a three-hour meeting in Edinburgh yesterday with 14 distinguished Scots as part of his pre-general election pledge to "take stock" of Scotland's constitutional place in the UK.

Opposition parties condemned the discussions as a sham, claiming that people advocating real political change had not been invited.

Some of Mr Major's guests said the underlying presumption of the debate had been that the union between Scotland and England should be strengthened, and that a Scottish assembly – favoured by Labour and the Liberal Democrats – was not the way forward.

Sir William Fraser, the principal of Glasgow University and a former Scottish office civil servant, said it had been made clear to the prime minister that in some areas there was a feeling that "Scotland somehow was different", and policies applied in England did not necessarily have to be applied in Scotland, too.

In particular, Sir William said, some guests defended local government in Scotland whose strength, they felt, the government should recognise.

He added: "Some people suggested, and I certainly agree with them, there was further scope for decentralisation of British government departments."

Another guest, Professor Arthur Midwinter, of Strathclyde University's Department of Government, said as he left: "I suggested the government ought to have a less abrasive style in Scotland and ought to consult more widely."

Mr Major told journalists the "very good debate" had put a different perspective on some constitutional questions. He confirmed that concern had been expressed about decentralisation, as opposed to devolution, in the private and public sector, but declined to be drawn on what he described as "rather surprising points" made during the meeting.

He said the 14 guests had been selected for their personal capabilities rather than their public positions. "I'm trying to gauge the instincts of people and what they believe needs to be done to enshrine and secure the distinctiveness of Scotland and its place within the union."

Many Scots, he said, had not fully appreciated the extent to which administrative responsibility had been devolved from Whitehall to the Scottish Secretary in recent years.

Asked later who had picked the 14 guests, Mr Major said, to laughter, he had devolved the selection to the Scottish secretary.

Guests said the prime minister had been "in listening mode".

Mr Major indicated his hope to complete his consultations by the end of the year but refused to set a timetable.

The guests included Mr Scott Bell, managing director of Standard Life Assurance, Sir Alick Rankin, chairman of Scottish and Newcastle, Mr Bruce Pattullo, governor of the Bank of Scotland and his deputy Professor Jack Shaw, chairman of the Scottish Higher Education Funding Council, Mr Bill Brown, chairman of Scottish Television and Scottish Amicable Life Assurance Society, Mr Angus Grossart, managing director of Noble Grossart, Ms Barbara Kelly, chairman of the Rural Forum, Professor Donald MacKay, chairman of PIEDA, the Edinburgh consultants, Mr Magnus Magnusson, broadcaster and chairman of Scottish Natural Heritage, and Mr Allan Massie, author.

Slowing seen in growth of claims

By John Authers

INCREASES in insurance claims are beginning to slow down but remain at an "unacceptable" level, according to figures released yesterday by the Association of British Insurers.

Total theft claims fell in the second quarter of the year, to £249.5m from £300.7m. The second-quarter figure is still 10.4 per cent greater, however, than for the same quarter last year. Total claims for the 12 months to June are 39.8 per cent greater than the claims for the previous year at £1.022bn.

Statistics for fire insurance show claims for the second quarter at £284.5m, an increase of 16.1 per cent from the £245.0m for the same quarter last year.

Mr Mike Jones, the ABI's chief executive, said: "After some miserable figures for thefts and fire damage, there are some signs that the rate of increase is at last slowing down. Even so, the increase in claims remains at an unacceptable level."

He warned consumers: "Unless all our efforts are successful, further increases in premium rates are unavoidable."

A survey by Which? magazine earlier this year showed that premiums for household contents policies had already increased substantially.

Average premiums for a typical building and contents policy in a medium-risk area increased to £444 this year from £338 last year. Some increases were much greater. Norwich Union increased premiums in low-risk areas by 93 per cent, according to the survey.

The Consumers' Association has claimed that premiums are being increased "to make consumers pay for past mistakes".

The ABI drew attention to bogus and inflated claims, and also said it was encouraging adequate security measures through its premium structure.

OFT chief may use price caps against market abuse

By Robert Rice, Legal Correspondent

SIR Bryan Carsberg, director-general of fair trading, gave a clear warning yesterday that he would not hesitate to take tough measures to stamp out market abuse.

Sir Bryan indicated in his first speech since taking up office in June that he intended to continue the policies he used when director-general of Oftel, the telecommunications watchdog.

Price-capping or divestment should be considered where it proved difficult or impossible to inject competition into a market, Sir Bryan said at an anti-trust conference at Cambridge University.

He did not favour a profits ceiling even though high profits were often an indication that a dominant position was being exploited. He would prefer a price cap of the type he imposed on British Telecommunications when at Oftel. A cap would require a company to limit price rises enough to allow the expectation of a reasonable rate of return while avoiding direct limits on profits. That would encourage improvements in efficiency.

Sir Bryan said measures to introduce competition by lowering entry barriers to competitors sometimes worked slowly, and dominant businesses tended to dominate for long periods.

The role of competition authorities was to create the conditions in which effective competition could take place so that its benefits could flow quickly to consumers.

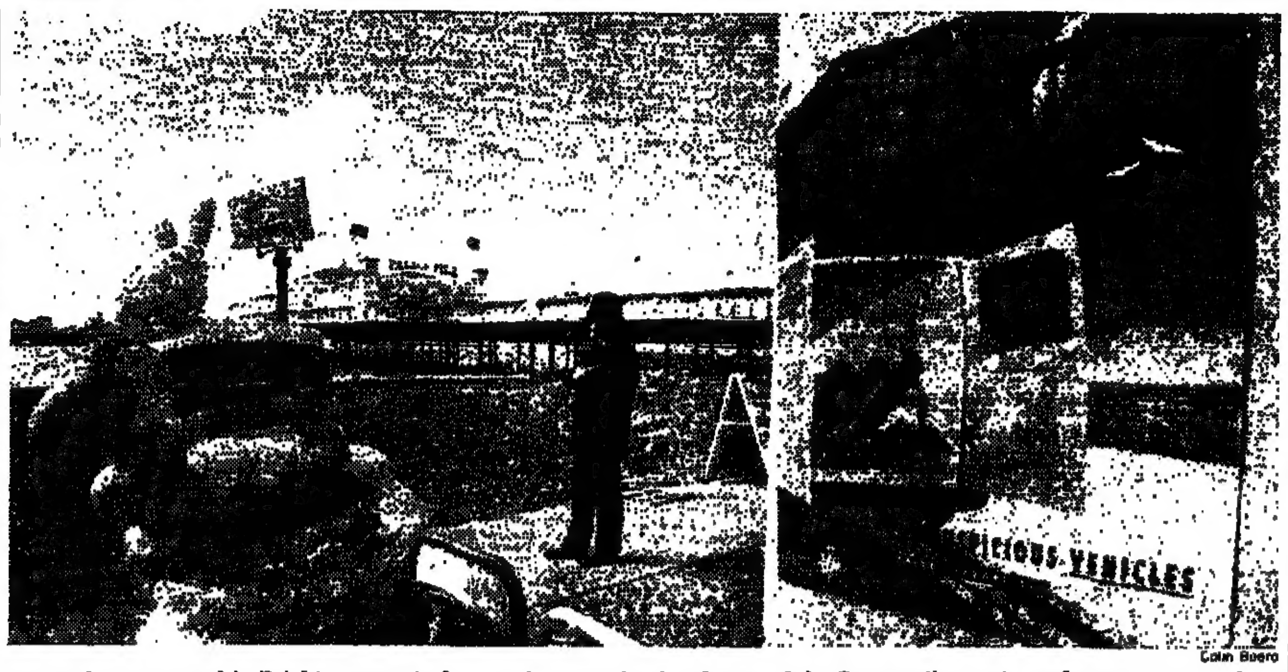
Sir Bryan also indicated that he would pay particular attention to complex monopolies and duopolies. While simple monopolies were easily recognisable, he said, difficulties could arise where a market was shared among a few companies. A duopoly could be an unsatisfactory arrangement unless one of the parties was a dynamic, competing new entrant.

● Kodak and six other film manufacturers have been released from undertakings originally given in 1966 after a Monopolies and Mergers Commission report on the colour film market.

The undertakings required Kodak not to discriminate between retail outlets. They also required all seven companies to make colour film available to retailers at prices both including and excluding the cost of processing.

The Department of Trade and Industry said yesterday that the Office of Fair Trading had concluded that the undertakings, last reviewed in 1983, were no longer relevant.

Undertakings given by CMB Foodcan, formerly Metal Box, in 1970 in relation to the supply of metal containers have been revised after a review last year Sir Gordon Borrie, who was then director-general of fair trading.



Colin Beere

Posters have appeared in Brighton as part of a security campaign in advance of the Conservative party conference next month

August increase in prices index is lowest for decade

By Emma Tucker, Economics Staff

THE DOWNWARD pressure on prices continued last month as hard-pressed retailers avoided repeating many of the previous August's price increases.

The 0.1 per cent rise in the retail prices index from 138.8 in July to 138.9 last month was the smallest monthly increase for any August since 1982. Muted price increases for food, motoring costs, gas and household goods contributed to the fall in the annual rate from 3.7 per cent to 3.6 per cent.

Seasonal food prices continued to show the most spectacular falls, dropping by 12 per cent last month compared with the same month a year ago. That was the lowest annual rate for nearly 10 years.

Seasonal food prices normally rise in August, but increases this year were not as sharp as last year, with prices for fresh vegetables and fruit continuing to fall.

The 1.1 per-cent increase on the previous month was mainly the result of dearer potatoes.

According to the figures from the Central Statistical Office, overall food prices dropped to their lowest annual rate of increase since May 1983. However, within that, non-seasonal food prices were boosted by more expensive confectionery, dairy products and imported lamb.

The fall in clothing and footwear prices, compared with a year ago, reflected special offers for seasonal clothing and continued cut-price sales for women's clothes. Prices for menswear recovered slightly.

The highest annual rates of price increases continued to be in the service sector.

Household services rose by 5.9 per cent in the year to August, although lower house conveyancing charges and estate agents' fees led to a 0.1 per cent drop on the previous month. Personal goods and services and leisure services also showed high year-on-year rates of increase.

The 0.2 per cent monthly increase in housing costs mainly reflected an increase in mortgage interest payments.

Fuel and light prices fell 0.5 per cent on the month as the second phase of the cut in gas prices continued. Motoring costs fell 0.2 per cent on the month, reflecting lower petrol prices.

The disinflationary momentum in the economy is likely to continue this month, even though most summer cut-price sales will end.

Barclays vows to fight writs

By David Barchard

BARCLAYS BANK, the largest of the high street clearers, yesterday vowed to fight writs served on it alleging that its customers lost money through "phantom" cash machine withdrawals.

Five banks and building societies – Barclays, Midland, TSB, Nationwide Building Society and Lloyds – have been named as defendants in an action brought by Mr Denis Whalley, a Merseyside sollicitor. The action is on behalf of nine alleged victims of "phantom" withdrawals from automated teller machines.

Barclays said yesterday the action was "misconceived" and that it had complete confidence in its auto-teller systems. "At the same time, we are very pleased that at long last we will have the opportunity to defend our position in the courts," it added.

The bank said it had already made a payment to Mr Stephen Raw, one of the three Barclays customers among the nine plaintiffs. The payment did not constitute an admission that there had been a "phantom" withdrawal.

Midland and Lloyds also confirmed that they had received writs from Mr Whalley. Each bank faces two claims. Lloyds says it has paid the disputed amount in one case, even though it would have preferred the case to go to the banking ombudsman for a definitive ruling.

Planned regulator woos banks

By Norma Cohen, Investments Correspondent

PLACES will be reserved for banks and building societies on the board of a proposed new super-regulator for retail financial services, in a move intended to encourage banks to participate in a body they say they do not wish to join.

Sources familiar with a consultative document on the new self-regulatory body, to be known as the Private Investment Authority, said it left room for up to 30 members on its board of directors.

Of those, 10 to 12 would be "product providers" such as life insurers and unit trust companies. Should the banks become members, some of the seats will be allocated to their representatives.

Six or seven of the remaining seats will be reserved for public-interest members such as consumer representatives, lawyers and accountants.

The retail financial services arms of the big banks are mostly regulated directly by the Securities and Investments Board. Persuading them to switch to membership in the PIA is considered critical to its success. The large life insurers have said they will not participate unless the banks become members as well.

Members of the PIA formation committee, headed by Sir Brian Hays, have sought meetings with the Treasury and the Bank of England to urge them to promote membership among banks and others.

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Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

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Staking his reputation

THE British prime minister cannot be accused of failing to give a lead. He has certainly done so this week. In two important speeches, the first on the future of the European Community and the second on the exchange rate, Mr John Major has attempted to explain the government's strategy to a wider public. In so doing he has not prevaricated, nor has he sought to distance his personal position from that of the government as a whole, as other prime ministers have been known to do. On the contrary, he has put his own reputation and maybe his political future on the line.

On Monday Mr Major rehearsed the government's case for supporting the Maastricht treaty on European union. In essence, it is that it is always in Britain's interest to be a willing participant in plans for the evolution of European unity, not least because only those who take part can influence such plans. Britain did exert influence at Maastricht, in the direction of a looser political structure than Euro-federalists would like. The result was a compromise. Yet the issues that the continent faces – economic development, enlargement of the community, responses to international crises – would not disappear if the treaty were to remain unratified. In defiance of the alarums from his own backbenches, Mr Major expressed an unmistakable wish that the treaty be ratified.

If "Maastricht" is engraved on the prime minister's heart, political prudence is still, on this matter, in control of his head. In his speech he reaffirmed that if the French vote No tomorrow week Maastricht will be dead. If the Danes cannot be honourably accommodated, there will be no treaty. Assuming that France and Denmark are back on board, the British government's policy is to face a parliamentary battle, however bruising, in order to ensure the passage of the ratification bill. Since all three national political parties are in favour of the deal (leaving aside dissidents within each of their ranks), it is reasonable to assume that eventual passage is assured.

No referendum

Mr Major did, however, leave one hostage to fortune in this speech. He emphatically ruled out a British referendum. A close Yes vote would increase the pressure for such a consultation. The prime minister is presumably relying on the Labour party's apparent unwillingness to push for a national vote. This is in part due to a belief that it would be wrong, in part to an inglorious fear of exposing the splits within Labour's own ranks. If, however, the Labour leader, Mr John Smith, summons up his courage, he may seize the opportunity to call for a people's verdict. That would put the government on the spot.

This is as nothing to what would happen if Britain is eventually forced to devalue sterling, either outright or as part of a general realignment of currencies inside the exchange rate mechanism. On this matter political calculation and a whip's natural prudence have been cast aside. Mr Major's address to the Scottish CBI in Glasgow on Thursday night leaves no room for doubt about his commitment. "There is going to be no devaluation, no realignment," he insisted. Cynics may argue that any prime minister would have to say as much, given the state of the currency markets this week. That may be so, but no prime minister is bound to assert, with such uncharacteristic passion as that used by Mr Major on Thursday, that "the soft option, the devaluer's option, the inflationary option would be a betrayal of our future" and to add, with especial emphasis, "and it is not the government's policy".

Motivating force

With these words the prime minister has staked his political authority on an exchange rate over which he can have only a limited degree of control. The public now knows that the ambition to strive for zero inflation and stick there is not Mr Norman Lamont's, or not the chancellor's alone. It is the prime minister's motivating force. For him it is a matter of principle. If there were now to be a devaluation he would lose credibility. A general ERM realignment, which would not be a miracle cure for the economy, might be complicated enough to allow for a technical escape, but probably not at the bar of public opinion. Mr Major's plain speaking, his obvious sincerity and his widely perceived honesty, constitute his principal sources of political strength. A sneaky devaluation, leaving open the question of why we were all lashed to the mast for two stormy years, would put all that at risk.

The consequence is that there will either be a wreck, if the turbulence in the markets increases in force, or following a further prolonged period of economic pain the gains will begin to be regarded as worthwhile. With the continuation of the recession, the government cannot finance public expenditure at the levels currently contemplated; cuts that affect millions of people are likely to be imposed. They must hope that Mr Major's economics are right. These years of hard slog must be justified by results. On such scales, a reputation is but a feather.

Adjusting to the rigours of the ERM is proving tougher than expected for some European currencies, writes **Barry Riley**

Wild days are here again

"There will be no devaluations," said the chancellor of the exchequer, Norman Lamont, on the steps of the Treasury last month. Since then the government has staked billions of pounds in borrowed money to shore up the wilting sterling exchange rate.

But such intervention exercises have a poor historical record of success in countering the waves of cynicism, greed and fear that periodically break over the foreign exchange markets. Very often, too, the market practitioners have a clearer perception of the underlying economic realities than do beleaguered politicians.

This week, however, the main spotlight has been directed elsewhere in Europe. Two of the Nordic countries which have been unofficial members of the European Community's currency club, the European Monetary System, have been caught in the torrent of speculation.

On Tuesday the Finnish markka was floated off its lifeline to the EMS's hybrid currency, the Ecu. The markka immediately sank by some 13 per cent against the D-Mark, and then a desperate battle began in Sweden to save the krona, involving at one stage overnight interest rates of 75 per cent. Within the EC proper the greatest pressure has been on the Italian lira. Interest rates have been sharply raised, taking the margin over D-Mark rates for three-month deposits up to about 10 percentage points. The Italian government, meanwhile, is seeking emergency powers to tackle the country's economic crisis.

The immediate trigger for all this has been the approach of the French referendum on the Maastricht treaty, with voting taking place a week tomorrow. Present expectation is that the French will vote Yes by a narrow margin but the decision could still go either way. A No verdict would bring a potentially explosive end to a summer of simmering crisis for European currencies, beginning with the unexpected decision of the Danes to reject Maastricht in their own referendum at the beginning of June.

Why has the crisis blown up in this way? Until the mishap in Denmark, European businessmen and travellers had been led to believe that currency integration was moving ahead quickly. With the single market about to be launched at the end of 1992, Europeans were to be spared the hazards of volatile currencies within their own continent.

Although the ERM in theory permits currencies to shift around in occasional realignments, in practice the last significant change was back in 1986. The Maastricht treaty set out possible timetables according to which the ERM would be strengthened into a complete monetary union, perhaps in 1999, with a European Central Bank to control the single Euro-currency.

The urge to fix exchange rates is one that comes and goes. The post-second world war Bretton Woods agreement, which was based upon the dollar and gold, lasted until 1971. It broke down because of the pressure of increasing speculative currency flows and the impossibility of holding down the gold price any longer.

Floating can prove inflationary, however, unless a country's money is strictly controlled by a tough central bank able to overrule free-spending politicians. Moreover any small country in which imports and exports are very large in relation to the size of the economy can find floating dangerous because currency fluctuations may cause havoc with the internal price level. Borrowing may become very expensive, too, if a currency is seen to be risky. Yet large and powerful countries, notably the US, with imports only about 10 per cent of GDP, may be largely indifferent to the ups and downs of their currencies.

Germany, where the Bundesbank has an important degree of independence, is one of the few countries to have achieved low inflation consistently over the years. Even during the 1970s some EC member states chose to track the D-Mark in a loose arrangement nicknamed the "snake" (which the UK left after just six weeks in 1972 in pursuit of an inflationary economic boom). In 1979 this structure was refined and became the EMS.

Over the next decade and more the EMS went from strength to strength. Even inflationary currencies such as the French franc and the Italian lira were seemingly tamed. Reluctant Britain eventually joined in 1990, and Spain and Portugal came in too. Hangers-on such as Sweden and Finland attached themselves to the system, partly to strengthen their credentials as candidates for EC membership.

The buzz word behind it all was "convergence". With exchange rates locked together, European economies would come more and more in line in terms of inflation, output, growth and eventually living standards. Short-term interest rates and long-term bond yields, for instance, would fall into line. Moreover, because the German economy was the most powerful in the EC, the whole community would benefit from low German inflation.

There has been an important political element too. The French have been especially determined to lock the franc and the D-Mark together to strengthen political cohesion at the very core of the EC and prevent Germany from turning its attention increasingly to the east.

However, there are signs of over-confidence. The EMS has become bigger and more unwieldy, and yet EC politicians appear to have decided that the ERM should effectively be made into a fixed-rate arrangement. Devaluation has become a symbol of political as well as economic failure. Except in the most favourable conditions, however, this mechanism cannot work satisfactorily unless a monetary institution is created which looks at the needs of Europe as a whole. In practice the ERM is dominated by the Bundesbank, which has a constitutional obligation to consider only the interests of Germany.

Short-term interest rate trends clearly reflect the change in sentiment. Differentials between the D-Mark and other ERM currencies generally narrowed until May, but have been widening since the Danish vote, often very sharply. Convergence has turned into divergence.

This year, quite apart from the problems of the Maastricht referenda, three factors have begun to tear the ERM apart:

- The US has embarked upon a strategy of aggressive cuts in interest rates, almost regardless of the impact on the dollar's external value.
- Post-unification stresses in Germany have caused the Bundesbank to raise interest rates to very high levels, thus pushing all the ERM currencies to extreme valuations against the dollar, and to a lesser extent against the Japanese yen.
- Economic growth rates have slumped throughout Europe, and particular economic problems in countries such as the UK, Italy and Sweden are raising serious questions over their ability to sustain their present exchange rates.

The ERM was supposed to bring positive benefits, pulling down inflation in those countries where it was high and reducing the need for Europeans to hedge against movements in each other's currencies. It would assist businesses to expand across borders and achieve the economies of scale.

Now, however, the question is whether the attempts to keep up with the D-Mark are beginning to impose unreasonable economic costs. Britain is a case in point. Membership of the ERM has encouraged a reduction in inflation from 10.9 per cent on entry in 1990 to 3.6 per cent as released yesterday. That has turned out to be the easy bit. But the Treasury has never begun to grasp the negative implications for economic performance as a whole. Last autumn, for instance, it forecast that 1992 would show economic growth of 2½ per cent. In fact GDP now appears likely to fall a little. It can be argued, therefore, that the unexpected cost of ERM membership will be anything up to 3 per cent of GDP in this year alone.

When currencies depreciate, the sufferers are liable to be savers and consumers. But hard currency policies tend to penalise borrowers and manufacturing industry. Tightening belts may be one thing but closing factories is another.

Sweden is also suffering a serious recession; GDP dropped by 1 per cent in 1991 and may fall slightly again this year. Again, inflation is not a problem, as it has been running below Germany's. But serious difficulties have been surfacing in the financial system. The government has already rescued Nordbanken and agreed to bail out Gota Bank. These are two of Sweden's four biggest banks.

This highlights the problem that harmonisation of financial systems may be the most difficult element of convergence within a structure such as the ERM. Both in the UK and Scandinavia credit growth reached extreme levels in the late 1980s and the continuing overhang of debt could undermine the attempts to switch to a hard currency regime. In Germany, where episodes of currency appreciation have been quite common during the past 30 years, debt levels are much more conservative. But what will the British government do if banks in the UK begin to collapse?

Financial difficulties apart, however, in neither the UK or Sweden is there any great case in terms of economic fundamentals for devaluation against the D-Mark (though the level of the dollar is another matter). Yet both countries urgently need much lower interest rates than they are likely to enjoy for several years within the D-Mark-dominated ERM. Their problems are quite different from those of Italy, which does appear to have lost competitiveness and also has a severe problem of government overspending.

Most observers now regard a lira devaluation as inevitable. The danger is that massive speculation will shift from one currency to another. Meanwhile there is little flexibility left within the ERM, with the vulnerable currencies trapped almost on their floors against the D-Mark.

It all adds up to one of the biggest currency crises since the wild days of the 1970s, and before that the early 1930s, another period when competitive devaluations and political obstinacy led to economic disruption and speculative excess.

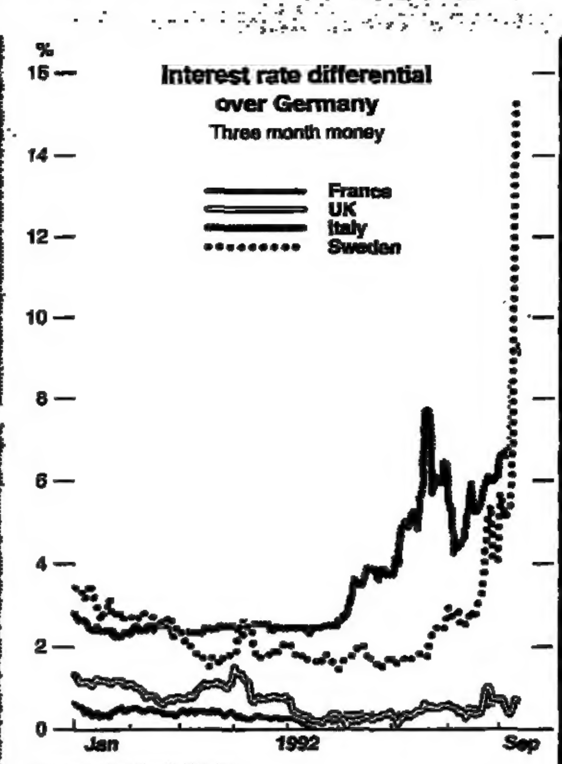
In 1931 there may have been no breakfast TV sound bites from chancellor Philip Snowden, but the British authorities were, as now, borrowing heavily from banks to support sterling – and this was only a few weeks before the Gold Standard had to be abandoned.

On Thursday this week, however, John Major took up Norman Lamont's rallying cry. "There is going to be no devaluation, no realignment," he told a Scottish CBI dinner. The applause seemed polite rather than enthusiastic, which is not surprising given that, on present policies, industry will continue to bear much of the cost of adjustment.

The strains begin to show

Robin Leigh Pemberton
Governor of the Bank of England

Bengt Dennis
Governor of the Central Bank of Sweden



Source: NatWest Capital Markets

Jacques de Larosiere
Governor of the Central Bank of France

Carlo Ciampi
Governor of the Bank of Italy

MAN IN THE NEWS: ***Peter Middleton***

Ex-monk on a motorcycle

When Lloyd's of London began the search for a new chief executive, it can hardly have expected that a motor-cycling ex-monk from Middlesbrough would be the best man for one of the insurance market's top jobs.

As Lloyd's struggles to emerge from one of the most difficult periods in its 300-year history, the choice of Mr Peter Middleton, a 52-year-old former diplomat and businessman who lacks any experience of the insurance business, might seem curious, even risky.

But Mr Middleton, a tall, clean-cut, tanned and self-confident figure, may be what Lloyd's needs at this turbulent time, though his background and style set him apart from other senior figures at Lloyd's, and most of the Names, the individuals who stake their personal wealth on the market's fortunes.

From a working-class family on Teesside (his father was a foreman at an ICI chemicals plant) Mr Middleton speaks with a Geordie accent and says he has an "unrequited love affair" with his home-town football club, Middlesbrough FC. He also professes a passion for motorbikes. This week he has travelled to interviews on a Suzuki 800cc Easy Rider-style machine. Educated at a local Catholic grammar school, he later joined a monastery in Paignton, Devon, run by a small French monastic order, the Society of Mary.

"It was something I felt attracted to. I'm immensely pleased that I did. It was a real education," says Mr Middleton, who adds that he retains his religious convictions in a "private kind of way".

After the monastery came a year in Paris studying philosophy at the Sorbonne, where Mr Middleton acquired fluency in French, and three years at Hull University, where he read social studies.

His education left him with a lasting appetite for literature – he is currently re-reading Jane Austen's Sense and Sensibility – as well as an ability to survive on three to four hours' sleep a night. "A bloke would ring a bell at some unholy hour and I would stagger down to matins," he says, adding he can make do "with two hours a night but not for more than a fortnight".

Many Names would consider his lifestyle austere, perhaps spartan. He does not have a house in the country, living with his wife and three children in Twickenham, south-west London; he never drinks alcohol on "work premises" and runs, on average, 30 miles a week.

Like his early life, his career defies easy categorisation. After graduating from Hull in 1969, Mr Middleton joined the foreign service, spending two years in Indonesia and two in Tanzania, before returning to London. Between 1977 and 1982 he was senior British embassy counsellor in Paris, where he became acquainted with Labour and Conservative government officials. His diplomatic skills will be useful at Lloyd's, where he will need to come to terms with the market's complex politics and byzantine structure.

Mr Middleton has personal warmth as well as tact, says Sir John Trelawny of Godard Kay Rogers, the recruitment agency. "That will serve him well in a market where relations between the corporation [which administers and provides back-up services] and the market [the agents and syndicates] have been slightly scratchy."

Negotiating skills will also be helpful in dealing with those Names facing financial ruin as a result of Lloyd's recent record losses.

But it is Mr Middleton's experience in business that made the case for his appointment so strong. At 45, he was recruited to Midland Bank by the French ex-Midland banker, Mr Hervé de Carmoy, who wanted to see if top British civil servants could work equally well in the private sector, like some of their French counterparts.

He then spent two years at Midland International, before joining Thomas Cook, Midland Bank's travel subsidiary, in December 1987. Midland had rescued Thomas Cook from British Rail in 1972, but the company had lost its way and staff were demoralised and directionless.

"There was no sense of purpose that I could detect. There were independent pockets of excellence but they'd decided to go unilateral," says Mr Middleton, assessing the mood of pessimism prevalent at Thomas Cook when he joined.

He decided to expand business in Europe and North America and develop new specialist leisure and business travel areas. Mr Middleton moved the group into retail foreign exchange dealing.

Layers of senior management were discarded and specialist teams recruited to implement the plans. The changes aggravated problems in the short term, but there is general agreement that they paved the way for the revival in Thomas Cook's fortunes.

Mr Middleton was negotiating the successful sale of Thomas Cook to a German consortium comprising West Deutsche Landesbank and one of Germany's largest charter airlines when he was approached by Lloyd's. "When I was first approached, to say I was surprised is an understatement. I couldn't take it seriously. I couldn't imagine I'd be offered the job," he says.

Yet despite the obvious differences of size and business, the outside headhunters and the Lloyd's committee responsible for recruitment were intrigued by the similarities between Thomas Cook and the insurance market.

Both are world-famous British brand names. Thomas Cook's business was in decline, so is Lloyd's. And like Thomas Cook, Lloyd's is embarking on a change of strategy. Last year a task force of senior market professionals mapped out a five- to 10-year blueprint for Lloyd's, designed to reduce costs, increase competitiveness and reverse the loss of market share in reinsurance and commercial insurance.

Mr David Rowland, who headed the task force, is to become chairman of Lloyd's in January and, as head of a newly created market board, Mr Middleton will work closely with him in refining the strategy and persuading the market to back it. This will be his first task. It will prove difficult, but it is a challenge Mr Middleton relishes. When he was steering a new course at Thomas Cook, he says, he thrived on the pressure. There will be no shortage of that at Lloyd's.

Richard Lapper

Stitch-up treatment

Alan Pike asks whether private UK patients get value for money

After a five-day stay in a private hospital, a seriously ill patient died. When the hospital's £24,000 bill reached the health insurer, it included a £430 item for the patient's late discharge.

Such stories about private hospitals are sometimes laced with exaggeration. Mr Julian Stainton, managing director of Western Provident Association and the most vocal critic of lax cost-control in the private-health sector, insists this one is not. Western Provident, the insurer involved, is currently in dispute with the hospital over the bill.

This week's announcement that the Monopolies and Mergers Commission is to investigate private medical fees raises a wider question. Do purchasers of private healthcare get value for money in Britain, a country with – in spite of the debate over whether it is adequately funded – one of the most impressive "free" health systems in the world?

The existence of the National Health Service means that, unlike in other countries, the private sector can be selective, and does not have to provide a service aimed at the entire population. But recent increases in insurance premiums, loss of business during the recession and growing competition are all forcing the private sector to become far more concerned about value for money.

More than 70 per cent of private hospital treatment is financed from insurance, which covers about 12 per cent of the population. In their marketing material, insurers play heavily on the fact that private-health cover helps take the worry out of being ill.

If you are ill, however, the worry may be over whether your policy will pay for treatment. This is particularly likely to be a problem if worry made you ill in the first place – private psychiatry is one area where insurers are tightening up on claims.

In a bid to contain costs and win a broader social base of customers, insurers are offering more competitive budget schemes. A single person aged 30 to 34 would pay £60.18 a month for the fullest cover from Bupa, the biggest private healthcare group. Norwich Union Healthcare this year introduced a scheme with exceptionally extensive cover, but it costs a healthy 30- to 34-year-old more than £1,000 a year for a scheme covering areas normally excluded such as infertility, long-term renal dialysis and pregnancy.

Budget schemes provide much cheaper options then these. But, although paying less means getting less, customers sometimes fail to appreciate this fully until they make claims and find they face restrictions on things like the hospitals they can use.

Expensive advances in medical science are adding to the pressure on the private sector to control its costs. A third of all operations in private hospitals are classified as major or complex. PPP, the second-largest insurer, last year paid out 3,000 claims of more than £10,000 each, including one of more than £100,000.

Critics such as Mr Stainton, however, say that a cavalier attitude towards charges by some hospitals is also part of the problem. "You get more consumer protection when you buy a sandwich on a train than when you enter a private hospital. British Rail displays a price tariff and will give you an itemised bill. Don't take it for granted that private hospitals do the same."

Mr Stainton scrutinises charges for early admission or late discharge particularly carefully. Although these are often medically necessary, they are alleged to be used sometimes by hospitals as a device to top up profits.

Mrs Christine Boardman, from Elgin, Scotland, queried a £198 late-discharge item on a bill with her insurer, Bupa. She had asked the hospital if she could remain in her room until her husband collected her after treatment. "The room was not serviced and was not needed again that night," says Mrs Boardman. "But Bupa decided that the item was justified and paid the bill."

The monopolies commission's investigation arises from fee guidelines for private work reissued this month by the British Medical Association. These are only advisory, says the BMA, and Mr Stainton supports them. "They provide us with a yardstick for what is reasonable and it is one of the few areas where we have some basis for cost-control," he says.

Mr Richard Marcus, a surgeon and member of the BMA council, believes costs may rise if the guidelines have to be abandoned. He says the private sector has proved itself too timid at controlling "maverick" doctors who charge far above the average.

A study by Laing and Buisson, the healthcare consultant and publisher, showed that the highest-earning 20 per cent of consultants averaged £95,000 a year from private practice in 1990. Doctors say such figures are distorted by the fact that a relatively small number within the 20 per cent have exceptionally high earnings.

While there is more competition in the health insurance market than for many years, the delivery end of private healthcare is not subject to normal competitive pressures. Mrs Boardman sums up the difficulties: "The choice of consultant is made by your general practitioner. If that consultant does private work at only one hospital, that is where you will go."

Private medicine is a tight world where hospital operators, insurers and doctors know, even as they squabble, that they depend on each other. There may, however, be ways of opening up the market to more competition.

Some NHS trust hospitals, for example, plan to use their new independence to revamp the public sector's rather down-at-heel private-patient facilities and challenge the independent hospitals.

A next, more significant step would be for NHS managers to encourage their consultants, who staff the independent hospitals on a part-time basis, to do all private work on NHS premises. Private hospitals might find it cheaper to employ their own full-time consultants – under the current arrangements, some London consultants receive half their income from the private sector in return for a relatively tiny investment of time.

A still more radical view comes from critics – including a number of junior doctors – who believe the root of the problem is Britain's medical establishment, which operates the profession's entry and promotion system in favour of the status quo.

The government and General Medical Council, the profession's regulatory body, currently face legal challenges aimed at making it easier for EC-qualified specialists to practise in Britain. Advocates of the move say that, if this happened, it would prove the first step towards a more open market in which the present consultant system would collapse, specialists be allowed to advertise, and patients approach them directly rather than through GPs.

Perhaps the most immediate worry for the private sector is survey evidence that people take out private medical insurance for a single, overwhelming reason – to avoid having to wait for treatment.

NHS waiting times are often shorter than people realise. If trust hospitals, prompted by the demands of the Patient's Charter, get this message across before the private sector can control its costs, there may be difficult times ahead.

Bronwen Maddox discusses the troubled party's future

Paler shade of Green

Green party members were not behaving like an endangered species at the start of their annual conference on Thursday in the far from green Wolverhampton Civic Hall. "One of our functions is to keep the other political parties sane. Of course we have a future," said one member, defiant about the party's recent troubles.

But outside the conference hall many members said they were hurt by the remarks of Ms Sara Parkin, head of the party until September 20, who claimed two weeks ago that the Green party had become a liability to green politics. As well as Ms Parkin, another five of its 11-strong executive are standing down. One of its highest-profile members, Mr Jonathon Porritt, has also declared that he will no longer take an active part.

The party's rise and fall has been rapid; the question is whether it now faces extinction. Its membership, at 8,000, has fallen to 1987 levels after reaching 18,000 in June 1990, shortly after its European elections triumph when it captured 15 per cent of the vote. Significantly, its following halved in a period when popular support for green issues and environmental pressure groups continued to rise.

Some symptoms of its troubles were on display at the conference. Its members' widespread mistrust of leadership and "cult of personality" is one reason its executive has changed so often. "Better in some ways not to have a leader – though you have to for political purposes," said Mr Guy Woodford from Malvern Hills.

The party's introversion – the agenda contained 25 motions on internal procedure – has sometimes sat oddly with its policies on the welfare of the planet. And its pursuit of political correctness, while scrupulous, can be paralysing. Mr Matthew Patterson of the standing orders committee pleaded for an amendment to be "put in language the man in the street can understand – ignore the sexism".

Beyond its control, however, is a wider problem. "Other parties have stolen bits of our clothes," according to Mr Woodford, such as its long-standing support for catalytic converters on cars.

Perhaps the biggest reason for the membership decline, however, is that many who joined in 1989 and 1990 misunderstood the character of the party. "The European manifesto was not as radical as the party actually is. People were joining just to save the whale," said Ms Jo Graham from the party's Loughborough branch.

She and many others believe membership has simply shrunk back to the pre-1989 core. Much of that comprises the hippies and anarchists who joined the party's first incarnation as the People party, along with the peace movement contingent who joined in the mid-1980s when the Labour party abandoned its commitment to unilateral disarmament.

At its present level the Green party may have reached equilibrium, "sustainability" on a small scale, the goal its conference is now prescribing for many communities. Provided it follows the prudence of its last executive committee and keeps several tens of thousand pounds in the bank, it will probably survive as the political expression of those who want to live a pure green life. But it is wishful thinking for its members to hope that it can influence other parties as it did after its European triumph. That threat has shrunk together with its membership.

Instead, greater pressure on mainstream parties is now being exerted by environmental pressure groups, which now dwarf the Green party in membership, money and organisation. As the Green party has lost impetus, the pressure groups have gained momentum, hindered only slightly by the recession. Friends of the Earth now has more than 200,000 UK supporters and an annual income that tops £5m. Greenpeace UK has more than 400,000 supporters and £4m income; its worldwide network has more than 4m supporters and expects to receive $150m this year.

The turning point was 1989-90 when a series of environmental concerns helped treble their UK membership. For nearly two years the front pages detailed the death of seals in the North Sea; a salmonella outbreak; the levels of pesticides and bacteria in water. "It does tend to be fear that brings people to green issues at first," says Ms Parkin. "In 1989 the environment was out canvassing – it was delivering the evidence."

According to Mr Mark Gilden, director of ICD marketing services, a market research company, "the profile of people who are interested in these issues has enormously expanded. The main supporters are directors and professionals – the bank manager who keeps his green politics in the cupboard – as well as the student radicals."

But unlike the Green party, the pressure groups have held on to their new members. The groups have also become more sophisticated in their research – often tracking down obscure government figures. They have become more adept at recruiting: "We start them on the whales when they're kids then move them on to nuclear as they get older," said one Save the Whale campaigner.

Off-colour: Jonathon Porritt and Sara Parkin

But all groups face the threat of recession, which has stalled or cut into their income – for example, Greenpeace has just axed its turtle campaign and may drop work on marine pollution.

According to Mr Porritt, the pressure groups must adapt to "a change in the tenor of the debate – business is no longer so hostile. Some of the green groups have been terribly slow to get involved in discussions of market mechanisms – such as pollution permits and carbon taxes. The quality of their research has been better on the problems than the solutions."

But if green pressure groups can make those changes, they are unlikely to find the Green party a hindrance, as Ms Parkin feared. Nor are they likely to need its help – they look set to eclipse it still further.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Top pay not matched by performance

From Mr Paul Gregg, Dr Stephen Machin, Dr Stefan Szymanski, Mr Chris Walters.

Sir, With respect to your recent feature on directors' pay ("Salary restraint hits top earners", September 2) and Mr Vernon-Harcourt's letter (September 7), the real issue of concern for shareholders and public policymakers is not the precise percentage increases received by top directors but whether they are justified by the performance of their companies.

Our recent study based on a sample of about 300 FT-SE 500 companies between 1982 and 1991 points to the fact that, even in the severe recession currently hitting the UK economy, pay of top directors has consistently risen by substantially more than the rate of inflation.

More importantly, any link between growth in top pay and corporate performance – measured by shareholder returns or earnings per share – was absent after 1988.

The concern regarding directors' pay awards expressed by the media, academic commentators and workers' organisations appears to be entirely justified. At the very least this suggests that the mechanisms by which top directors receive their pay awards need to be reappraised/reformed in a substantial manner.

Paul Gregg, Stephen Machin, Stefan Szymanski, Chris Walters,
Centre for Economic Performance;
London School of Economics and Political Science,
Houghton Street,
London WC2A 2AE

Bulletin Board share trading not for 'second-class citizens'

From Sir Andrew Hugh Smith.

Sir, Mr Paul King (Letters, September 9) is concerned about whether companies traded on the London Stock Exchange's Company Bulletin Board are treated as "second-class citizens".

I can reassure Mr King that the exchange does not treat his company – or any other smaller company – as a second-class citizen. I could also like to put the record straight on a number of misconceptions that have arisen about the trading facilities for smaller companies' shares.

The Company Bulletin Board was introduced to provide an effective trading mechanism for those companies with shares that are traded only sporadically, and where marketmakers can not profitably commit their capital to providing a trading facility.

The very name Company Bulletin Board perhaps elicits some of the misunderstandings about the nature of this service. It is in fact a trading mechanism that enables investors to display to the market as a whole their buying or selling orders in each listed security.

In addition, the Bulletin Board displays for each company a table of corporate and historical price and trading information which is of direct benefit to investors.

The corporate broker, whose name and telephone number is prominently displayed, is obliged to facilitate trading. He is able to act as principal to help smooth inconsistencies in order flow, as indeed is any other member firm trading in Bulletin Board securities. He will also ensure that prices displayed are a realistic reflection of both supply and demand and the fundamental value of the company.

In smaller companies generally, there is usually only a relatively small amount of shares available to be freely traded, the rest being held by directors, employees and long-term investing institutions. It is precisely because of these characteristics that marketmakers are finding it increasingly difficult to operate profitably in this area of the market.

The pattern of trading in Mr King's company's shares is typical of smaller companies. Around 75 bargains took place during the last year, and one-third of those trades by value were executed around the announcement of the annual figures.

Put another way, on average, only two or three investors wished to buy or sell shares during each fortnightly account period. Marketmakers cannot stimulate additional business at these levels; they can only execute naturally arising business. This can be equally well achieved through the Bulletin Board dealing mechanism.

Finally, the Bulletin Board has already proved that it is an appropriate trading mechanism for smaller companies' shares.

There is no evidence, from statistics collated to date, that trading levels are adversely affected by the transition from marketmaking to the Bulletin Board. We will, of course, continue to review and enhance the service in the light of experience.

Andrew Hugh Smith,
chairman,
London Stock Exchange,
London EC2N 1HP

When praise of Fischer sounds rather hollow

From Mr Kenneth Mc Donald.

Sir, I was outraged by Dominic Lawson's attack on the character of Bobby Fischer ("The dark knight returns, his strange genius undimmed", September 5). His article is an example of why Fischer shuns the press and media so often. There is a difference between objectively criticising people and sticking labels on them.

I was especially disgusted to read: "'... What is morally degraded can be aesthetically right.' That telling phrase encapsulates the paradox of Bobby Fischer." How dare he say Fischer is morally degraded. Few people in the press, if any, know anything in particular about the finesses of Fischer's opinions, motivations or beliefs and are not likely to if they keep on needlessly insulting him.

Praising the flawless beauty of Bobby's chess moves sounds rather hollow if, in the same breath, someone slaps an unjust label on the genius who made them.

Kenneth Mc Donald,
39 Rokesmith Avenue,
St Dunstans Village,
Liverpool L7 6AQ

Employee shareholder forgotten

From Mr Damian Carnell.

Sir, The debate on market making in smaller listed companies' shares has, with the exception of Mr King's letter (September 9), largely forgotten employee shareholders.

Companies which are relegated to the Bulletin Board may well experience poor liquidity in their shares. While those that decide to de-list will lose the ready access to an external market in their shares entirely.

The impact on employees is clear; they will be less likely to participate in, or value, employee share schemes if they fear they will be left with unsaleable shares.

Companies keen to maintain or introduce share incentives for employees should consider setting up an employee share ownership plan (Esop) trust. The Esop can not only match buyers and sellers but also buy and sell shares when there is a temporary excess of demand or supply.

If liquidity increases and market-making expands in the shares, the Esop's role diminishes. If, on the other hand, the company decides to de-list, the Esop can take the strain of creating the internal market that makes shares incentives worthwhile.

Damian Carnell,
director,
New Bridge Street Consultants,
2 Tallis Street,
London EC4Y 0BJ

Green shoots?

From Mr S H Bleakley.

Sir, In recent years there have been significant changes in our industrial towns and cities. Many factories, mills and warehouses have been demolished and there has been a huge increase in the number of supermarkets and out-of-town superstores. As the government now appears to measure the nation's financial health by the amount of cash going through the till, are the green shoots of recovery just round the corner?

S H Bleakley,
director,
Carrington-Fleet Textiles,
Crescent Road, Lostock,
Bolton, Lancs

Turn BES property investment into something longer-term

From T C Villiers.

Sir, When the government decided to revive the private rented housing sector in 1999, it chose to do so by encouraging individuals to invest through the Business Expansion Scheme (BES), although the scheme was always designed to provide equity for companies for five years only. It is now considered that this period is too short for investment in the housing market and so attempts are being made to find alternative, longer-term finance, as described in John Willman's article "A welcome mat for the rental market", (September 8).

So far more than £1bn has been raised from private investors under the BES and this has cost the government about £400m in tax relief. All alternative schemes being proposed include some form of government fiscal incentive. Yet the BES is to be abolished next year and private investors putting money into publicly accountable companies are to be cut out as a funding source.

However, many BES investors might welcome the opportunity of turning their five-year investment into something longer term. Such a move would prevent many properties currently owned by BES companies returning to owner occupation at the end of the period, adding to the market overhang from next year. Although additional sources of finance will be needed to increase the amount of housing available for rent, common sense dictates that the government should begin by maximising the return on its own investment by encouraging individuals to become long-term investors.

T C Villiers,
chairman,
The BES Association,
Holywell Centre,
1 Phipp Street,
London EC2A 4PS

COMPANY NEWS: UK

US side cuts United Biscuits to £70m

By Guy de Jonquières, Consumer Industries Editor

UNITED BISCUITS' share price rose 24p to close at 259p yesterday after the group announced actions to reverse a steep deterioration at Keebler, its US snacks and biscuits operation.

The fall at Keebler was the main factor behind UB's 17 per cent fall in pre-tax profits during the six months to July 11. Profits of £70m compared with £84.4m, while sales fell by £3m to £1.53bn.

Keebler's trading profit fell to £12.1m from £29.7m on sales of £508.8m (£512.5m). All the other divisions matched or slightly exceeded the previous interim results.

UB said Keebler, the second largest US biscuit maker, had suffered from "extremely unfavourable market conditions", particularly in the first quarter. As well as recession, it faced fierce price competition, the impact of rival brand launches and trading down by consumers to cheaper products.

Concern about Keebler's problems have led to a sharp fall in UB's share price in recent months. UB said it was reviewing all Keebler's operations and taking measures which should improve the company's performance by next year, even if the US recession continued.

The recent closure of a California bakery would result in a $30m extraordinary charge in the second half but yield annual savings of about $9m from next year. Keebler's headquarters staff was being trimmed, though no big management shake-up was planned.

UB said Keebler was putting a high priority on regaining market share. Since the end of the first half, sales had increased 3 per cent on the comparable period though little margin improvement was expected in the second half because of higher marketing costs.

Keebler planned to re-orient its product strategy and to place more emphasis on supplying private-label groceries to US retailers. Marketing, particularly price promotions, was being reviewed to try to ensure money was spent more effectively.

Mr Eric Nicoli, UB's chief executive, said Keebler remained committed to all its main product lines and was not expected to undergo any fundamental shift in strategy or radical restructuring.

Mr Robert Clarke, chairman, said the group's UK and continental European operations had performed well in difficult circumstances. He expected no real improvement in trading conditions in the second half, and margins would remain under pressure.

In continental Europe, trading profit rose to £10.4m (£9m) on sales of £191.4m (£167m). The increase was due entirely to a strong performance by McVitie's whereas KP's profit in the region fell 9 per cent, due partly to investments in marketing and distribution in Spain and Portugal. UB's recent continental acquisitions had all performed well.

In the UK, trading profit edged up to £64.7m (£64.4m) on sales of £808.3m (£834.4m). Sales by both McVitie's and KP fell in the face of declining biscuit and snack markets, though KP's market share edged up slightly.

Terry's increased profit slightly to £3.2m (£3.1m) on sales ahead by 11 per cent to £68.9m despite a further weakening of the market for boxed chocolate assortments. Profit at the Ross Young's frozen foods business held steady at £14.2m (£14.1m) on lower turnover of £268.2m (£291.6p).

Earnings per share were 9.6p (11.6p) fully diluted and 9.7p (12p) undiluted. An unchanged interim dividend of 5.5p has been declared.

See Lex

Terry Humphries

Branded: Robert Clarke (left) and Eric Nicoli sampling some of their products

Evered Bardon declines 55% and cuts dividend

By Andrew Taylor, Construction Correspondent

EVERED BARDON yesterday became the latest British construction group to cut its interim dividend after a sharp fall in first half pre-tax profits.

The building materials group, which has seen its share price fall by two thirds since the spring, said that its main markets in the UK and US had continued to suffer due to the recession in both countries.

Mr Peter Tom, chief executive, said there was no sign of any recovery in the UK. Improvements in the US, due to higher spending on infrastructure by some states, was patchy and still had to show through in higher profits.

He appealed to the British government not to cut investment in roads in the autumn spending round, which he said would be disastrous for an already severely weakened UK construction industry.

Pre-tax profits during the first six months of this year fell by 55 per cent from £10.3m to £4.6m. The company is cutting its interim dividend from 1.635p to 0.8p.

This is uncovered by earnings, which fell from 2p to 0.5p. After all deductions the group made a loss of £800,000, compared with a retained loss of £3.2m last time.

The shares which have fallen from a peak of 87p since May, were unchanged at 27p after yesterday's announcement.

In the UK, operating profits fell from £11.5m to £8.3m as volumes and margins for sand and gravel came under increasing pressure. Sales of crushed rock and coated stone have increased but margins for blacktop were relatively thin.

US profits fell from £7.4m to £4.7m. Mr Tom said the decline appeared worse than it was because the results included first-time figures from Massachusetts for January and February – months in which the state traditionally incurs losses.

On the positive side, the group's net debt had fallen to £238m. This compared with £300m at the corresponding stage last year. Gearing, despite the debt reduction, remains at 71 per cent if £25m of convertible preference stock is included as borrowings.

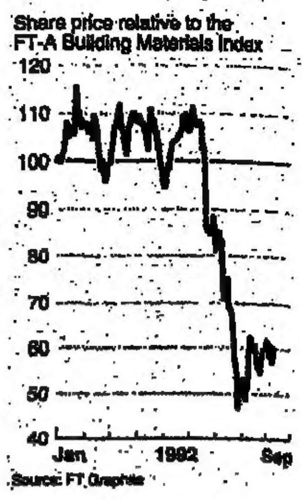
Mr Tom said that disposals in the US should reduce net debt to about £200m, excluding preference shares, by about the year end.

● COMMENT

Evered is paying the price for its ambitious acquisition policy in the late-1980s which left the company saddled with large debts just as construction markets were falling in the UK and US. Peter Tom is working hard to cut costs and raise cash through disposals. He is doing all the right things but it is going to be a very long haul and the UK market could be still be moving against the company – particularly if the government trims road spending in the autumn expenditure round. The US looks a little brighter but recovery is likely to be slow with the economy still struggling to get into gear. Profits of £15m would put the group on a prospective p/e of 13, which is high enough.

Evered Bardon

Share price relative to the FT-A Building Materials Index



Source: FT Graphite

Speyhawk reduces loss to £9.5m

By Vanessa Houlder, Property Correspondent

SPEYHAWK, the property developer that is trying to restructure its debts of more than £300m, yesterday announced a pre-tax loss of £9.54m for the six months to end-March.

That compared with a £10.58m loss for the same period last year and followed a deficit of £216.8m for the year to September 30 1991, when it made £205m of provisions against its properties.

Mr Trevor Osborne, chairman, said he hoped to be able to report the successful outcome of its restructuring discussions "before Christmas".

The talks, which began over a year ago, have been drawn out because of the large number of banks involved.

In April, the company said that its 46 banks and lending institutions, led by Barclays and Citibank, had agreed in principle to restructure their loans of £303m and provide it with working capital for four years.

Speyhawk's heavy losses have made the company technically insolvent, with liabilities that exceed assets by about £80m.

In his statement, Mr Osborne underlined the depressed state of the property market, which was suffering from its worst recession for over 50 years.

"There are no signs of an immediate improvement in market conditions, making any return to profitability unlikely for some time," he said.

He blamed the company's "disappointing" level of lettings on the oversupply of office space in London and the recession, which curtailed demand.

As a result, few fully let properties were put on the market, which was "sluggish and somewhat unreceptive". Sales consisted of a number of small transactions.

For the first six months turnover of £10.74m compared with £42.54m. Interest costs amounted to £9.54m, while overheads were £2.6m.

Losses per share were reduced from 45.8p to 41.3p.

Southend Property disposal

SOUTHEND Property Holdings yesterday announced the sale of a Bedfordshire shopping centre for £17m, writes Vanessa Houlder.

The buyer's identity was not disclosed.

The disposal will reduce Southend's gearing to about 108 per cent, on net debt of £120m.

The cash element of the equation had stood at £21m before the sale.

Southend said the move furthered its policy of creating cash resources to provide it with security and place it in a position to act immediately on favourable opportunities.

The Quadrant Centre in Dunstable, which was constructed in the 1960s, is producing about £1.7m of rental income.

It was included in Southend's accounts for the year ended March 31 at £17.5m.

BIL expects some Gibbs family acceptances

By Roland Rudd

BRIERLEY INVESTMENTS Limited, the New Zealand investment company traded on the USM, yesterday posted the offer document detailing its £11m hostile bid for Gibbs Mew, the USM-quoted brewer and property development group.

Although nearly 60 per cent of the shares are owned by the Gibbs family and directors, Mr Stephen Bellamy of BIL, said he was confident that the 200p per share offer would prove tempting to some members of the family.

"We believe some of them, controlling 18 per cent of the shares, may accept our offer," he said. He is also targeting non-family board members such as Ms Tessa Brook, who controls about 9 per cent of the shares.

BIL owns 19.7 per cent of Gibbs after the group's biggest shareholder, Scottish Amicable, sold its 7.8 per cent stake in July.

The offer document says Gibbs' property profits had proved transitory. The commercial property subsidiary, which contributed £1.4m in pre-tax profits between 1988 and 1990, made aggregate pre-tax losses of more than £760,000 in 1991 and 1992.

The pre-tax profit amounted to £633,000 (£673,000) for the 12 months to March 28.

Mr Peter Gibbs, chairman of Gibbs said: "BIL's offer significantly undervalues Gibbs' assets and prospects. It represents an unwelcome attempt to obtain the...company's assets on the cheap."

Glaxo

Pre-tax profits of Glaxo Holdings increased by 11 per cent from £1.28bn to £1.43bn in the year ended June 30 1992. In a report in yesterday's Financial Times the figures were incorrect.

Lilley omits interim pay-out

By Paul Taylor

LILLEY, the Glasgow-based contracting and construction group which has been among the hardest hit by the collapse of the property development market, yesterday omitted its interim dividend.

The group achieved an 18 per cent rise in pre-tax profits to £2.05m for the half year to June 30. However, the rise reflected a cut in interest charges from £2.51m to £1m. At the operating level, profits were down from £3.46m to £2.31m with the contracting contribution down by £1.83m at £2.23m.

The passing of the interim dividend – 1p was paid previously – was blamed on a continuing "hostile and uncertain" climate.

Sir Lewis Robertson, chairman and one of the UK's leading company doctors, commenting on the group's interim results and depressed share price, emphasised that Lilley continued to have the support of its bankers and Tibest Tres, the company owned by two of Spain's largest construction groups which paid £34m for a 21.5 per cent stake in Lilley last autumn.

He expressed hope that the publication of the interim results would "dispel unfounded market concern about the group's position," and said action to reduce group borrowings was continuing.

In particular, he noted that the unwinding of joint commitments with London & Edinburgh Trust earlier this year had reduced borrowings by about £10m, surplus housing land had been sold for £3.75m and Lilley's interest in the New Hong Tunnel Company had been sold raising a further £3.1m.

Group turnover for the opening half year fell to £156.34m (£162.16m) and earnings per share slipped to 0.75p (0.91p). Annual overheads have been reduced by £4m following a review.

Turnover of the contracting operations fell to £117.4m (£123.6m). Lilley said workload was still at reasonable levels, but business had been increasingly hard to secure and margins had been eroded throughout the industry.

Turnover from specialist construction fell slightly to £26.6m (£27.3m) but operating profits fell more sharply to £441,000 (£2.14m) reflecting reduced volumes in piling and US leasing businesses.

In property development and housebuilding, operating losses were reduced to £359,000 after recording a £331,000 gain on the sale of the group's investment in Caledonian Land. In 1991, the section posted a £2.73m operating loss.

● COMMENT

Lilley has been working as hard as it can just to survive. It is making all the right moves by cutting overheads, selling assets, reducing debt and getting out of the property development business. But although this seems to have satisfied its bankers and its new Spanish shareholders, the market has remained uneasy. Yesterday the stock gained 1½p to 8p. With full-year pre-tax profits forecast at around £3m the prospective p/e is 4. But with no yield to speak of, this is not a stock for the timid.

NEWS DIGEST

Co-operative Bank raises provisions

BAD DEBT provisions at Co-operative Bank rose by 11 per cent during the 26 weeks to mid-July , compared to the same period last year, writes David Barchard.

However the bank which lost £8m in 1991 showed signs of a recovery this year. Though its loan book contracted, reflecting reduced demand in the market and tougher credit conditions, retail deposits were said to have grown steadily in the half year, leaving the bank highly liquid.

Pre-tax profits were £3.5m, up from £700,000, after a 12 per cent rise in operating profits during the half year. The bank, which is mutually owned, paid out £2.8m in dividends on its preference shares.

Elys (Wimbledon) suffers 40% fall

Elys (Wimbledon), the department store, suffered a further setback in the first half with a 40 per cent fall in pre-tax profits from £203,000 to £121,000.

Turnover for the 26 weeks to August 1 was virtually static at £5.71m. The interim dividend is being maintained at 1.5p, payable from earnings per share of 6.7p (11.2p).

The company said trading conditions in the first half had proved difficult, with the continuing recession coupled with job insecurity and falling house prices eroding customer confidence.

Swallowfield almost halved to £421,000

Swallowfield, the manufacturer of perfumes and cosmetics, reported pre-tax profits almost halved, from £804,000 to £421,000, in the 24 weeks to June 13.

The outcome was achieved on turnover down by some £900,000 to £8.6m. Earnings emerged at 2.2p (4.6p) per share and the interim dividend is being maintained at 2.2p.

Mr Terry Organ, chairman, said sales and profits had been lower than hoped because of the downturn in high street sales.

Arcadian deficit cut sharply

Arcadian International, the leisure development group, cut its pre-tax losses from £3.68m to £853,000 for the year to April 30.

Exceptional credits of £187,000 compared with previous provisions of £1.94m. Net interest payable was cut to £171,000 (£484,000). Turnover totalled £6.34m (£10.7m) and losses per share 10p (33.2p).

The board, chaired by Sir Peter Parker, said the improved results reflected continuing strong progress in the European leisure operations and the group's now low exposure to the UK commercial property market.

The "strong balance sheet" and negligible gearing at the year-end was helped by the commercial property disposal programme. There were only two properties remaining with an aggregate book value of £2.95m, he said.

The board believed that with a portfolio of "outstanding projects" the process of increasing shareholder value "was already underway".

£99,000 loss at Thomas Walker

Thomas Walker, a maker of metal components for the clothing industry, swung from profits of £56,000 to losses of £99,735 pre-tax for the year to end-June.

Losses per share of 1.42p compared with previous earnings of 0.38p and a reduced final dividend of 0.4p (0.7p) makes a 0.58p (0.88p) total.

Turnover slipped to £3.42m (£3.48m).

Berry Starquest net asset value falls

Berry Starquest, the investment trust, saw its net asset value fall from 181.2p to 157.1p over the six months to July 31. The company blamed the recession and investors' attitudes to smaller companies.

A year earlier the net asset value had been 177.5p.

Net profit for the six months was lower at £40,000 (£119,000) for earnings per share of 0.8p (2.8p).

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	99	90	Bibby	90		L5.25	-	7.8	-
100	F.P.	-	101	100	Broadgate Inv Trust	101		-	-	-	-
-	F.P.	-	11	7	Dartmoor Warrants	10		-	-	-	-
-	F.P.	-	32	19	Dwyer A	19		-	-	-	-
-	F.P.	-	91	79	European Smaller Co's	79	-2	-	-	-	-
-	F.P.	-	23	19	Do. Warrants	19	-2	-	-	-	-
-	F.P.	-	150	149	Finsbury Smlr Co's Zero Pf	149		-	-	-	-
100	F.P.	-	103	97	Kl'wort Endowment Policy	97		-	-	-	-
‡	F.P.	-	495	490	SHIRESCOT	493		-	-	-	-
■	F.P.	-	1700	1700	TR Technology Units	1700		30.15	-	2.4	-
-	F.P.	-	14	12	Throg 1000 Smlr Co's Wts	13	+1	-	-	-	-
-	F.P.	-	16	12	Yorkshire TV Warrants	13		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	110p	106½p	Fulcrum Inv Tst Zero Div Pf	107p	+½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
115	Nil	-	2pm	1pm	Bibby	1pm	
30	Nil	14/9	1½pm	½pm	Novo	½pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of capitalisation. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ■ Units comprising 4 Ords. and 7 Zero Div. Prefs. and 4 Stepped Prf. shares. ‡ Units comprising 3 Ords. and 1 Warrant.

TRADITIONAL OPTIONS

● First Dealings Sept. 1
● Last Dealings Sept. 11
● Last Declarations Nov. 26
● For settlement Dec. 7

3-month call rate indications are shown on page 9.

Calls in ASDA, Forte, Kalon, Premier Cons. and Tiphook. Put in Kalon. Double (Put and call) in Next.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Elys (Wimbledon) ......int	1.5	Dec 7	1.5	-	16
Evered Bardon ......int	*0.8*	*Nov 27*	1.635	-	*5.595*
JIB ......int	2.5	Nov 16	-	-	5
Lilley ......int	nil	-	1	-	2
Swallowfield ......int	2.2	Oct 30	2.2	-	6.1
United Biscuits ......int	5.5	Jan 5	5.5	-	15.3
Walker (Thos) ......fin	0.4	Nov 6	0.7	0.58	0.88

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Harmony directors oppose call for EGM

By Tim Burt

DIRECTORS of Harmony Leisure, the loss-making pubs and restaurant group, yesterday urged shareholders to reject a call from challengers to the board to hold an extraordinary general meeting.

Executive directors at the USM-quoted company, which reported a loss of £1.04m in the year to March 31 1991 and a further £445,000 in the following six months, are facing a challenge from a group which aims "to return Harmony to profit and to generate enough confidence to raise capital for expansion".

The company has not yet released its 1991-92 results but has promised to do so soon.

Shareholders have been urged to requisition an EGM by an "alternative board" led by Mr Andrew Martyr, a former hotel executive, and Mr Simon Lynch, formerly with Grand Metropolitan.

None of the prospective directors in the new team, which also includes Mr Ronald Laden, former chairman of Quaker Oats (Europe), and Mr Simon Smith, a London solicitor, holds any Harmony shares.

Mr Stanley Lever, managing director at Harmony, described their proposals as "opportunistic".

Speaking from France yesterday, he said Mr Martyr had sought a stake in Harmony in 1991. "But he was unable or unwilling to demonstrate that the necessary resources were available."

Admitting that the company's poor performance had made it a target for potential takeovers, Mr Lever blamed Harmony's problems on its growing debt. "Borrowings have escalated, largely through interest charges. But I can't see what this group could do to pull it round," he said.

The challengers to the company, which owns 23 pubs and restaurants in London and the south-east, have also proposed a 50 per cent cut in board salaries and performance-related pay for company staff.

Mr Lever said their plans would be vigorously opposed and voiced confidence that shareholders would reject the proposals. Harmony shares were unchanged yesterday at 5½p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Price for Trading on 12.09.92: Pool purchase price £/MWh	Final Prices for Trading on 10.09.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	20.80	20.38	22.23
0100	17.70	19.73	21.56
0130	17.70	19.52	21.35
0200	17.70	19.52	21.35
0230	17.70	19.52	21.35
0300	17.70	19.52	21.37
0330	17.58	19.52	21.37
0400	17.58	19.52	21.41
0430	17.58	19.52	21.41
0500	17.58	19.52	21.41
0530	17.63	17.70	17.70
0600	17.63	17.64	17.64
0630	20.11	17.64	17.64
0700	20.11	17.69	17.69
0730	23.33	19.71	21.59
0800	23.33	20.61	22.73
0830	24.53	23.22	25.22
0900	25.18	26.87	29.02
0930	25.06	26.87	28.99
1000	31.09	26.87	28.96
1030	31.09	26.87	28.90
1100	25.18	26.87	28.87
1130	25.18	26.87	28.87
1200	25.18	26.87	28.88
1230	25.06	25.85	27.84
1300	25.18	24.65	26.61
1330	25.18	24.65	26.62
1400	19.79	24.38	26.34
1430	17.71	24.38	26.36
1500	17.71	20.61	22.67
1530	17.71	20.69	22.54
1600	17.71	20.69	22.54
1630	17.70	20.61	22.67
1700	17.79	22.64	24.45
1730	25.06	20.61	22.66
1800	25.06	25.14	27.13
1830	25.06	25.14	27.14
1900	25.06	20.56	22.40
1930	25.06	20.61	22.67
2000	28.21	20.56	22.40
2030	28.21	17.76	17.78
2100	28.21	22.54	24.46
2130	24.78	20.66	22.38
2200	24.78	22.54	24.45
2230	24.78	20.61	22.57
2300	23.53	20.56	22.41
2330	23.33	20.22	22.08
2400	23.33	19.61	21.43

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per Megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

Ex-Kelt chief launches hostile bid for Blystad

By Richard Gourlay

THE FORMER chief executive of Kelt Energy, architect of one of the 1980s more audacious but ultimately disastrous oil sector mergers, has launched a bid to take over Blystad, owner of KCA Drilling, the much thumbed-over UK independent offshore oil service company.

The hostile paper bid from Abbot Holdings, a private company set up by Mr Alistair Locke, values the loss-making Blystad at £7.5m, or 5.4p a share – a 20 per cent premium over the Blystad price before the bid.

The offer has the irrevocable support of three directors of the Norwegian Blystad family who bought a 65 per cent stake in 1989. However, the independent board, including the managing director, finance director and Henry Ansbacher, the independent advisers, yesterday said they would not be recommending the offer to shareholders.

Ansbacher said they were looking at a potential conflict of interest arising from a £3.6m loan from Blystad to a company controlled by the Blystad family.

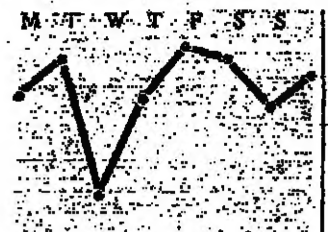
Friendly negotiations with the independent directors broke down recently. In order for Mr Locke to make his offer he required the Blystad board's waiver of clauses in a confidentiality agreement he had signed precluding hostile bids.

Blystad must repay a $5m loan in December, a payment which the Bank of Ireland, making the offer on behalf of Abbot, says Blystad may not be able to meet from its cash resources.

Mr Locke says his offer provides the best opportunity for minority shareholders to retrieve something from a group that has paid no dividend for seven years, has lost money in the last three years and has a deficit on profit and loss account.

KCA – a profitable north sea operator with a number of platforms on charter to oil majors – has passed through a number of hands and was once owned by Bristol Oil and Minerals.

Mr Locke left Kelt after its highly leveraged bid for Carless in 1988 which drove the company into the hands of its bankers and led to the forced sale of its Wytch Farm stake.



ECONOMIC DIARY

TODAY: European Community foreign affairs ministers meet at Brockett Hall, Hertfordshire. Arab foreign ministers meeting in Cairo to discuss eliminating weapons of mass destruction in the Middle East.
TOMORROW: National savings results (August). Thai general elections.
MONDAY: Dalgety preliminary figures.
TUESDAY: Company liquidity (second quarter). Producer price index numbers (August). US consumer price index (August); retail sales (August); real earnings (August) and current account (second quarter). Deadline for final payment on shares sold in the privatisation of the regional electricity companies. Start of two-day meeting in Pyongyang between the prime ministers of North and South Korea.
WEDNESDAY: Public sector borrowing requirement (August). Retail sales (August). US industrial production, capacity use (August); business inventories (July). Commonwealth finance ministers meet in New York. Financial Times/Financial Adviser hold conference "Retail Investment Regulation — The new regime" at the London Marriott Hotel.
THURSDAY: Provisional figures of vehicle production (August). Index of production (July). Labour market statistics: unemployment and unfilled vacancies (August-provisional); average earnings indices (July-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Labour force survey (Mar-May 1992). US merchandise trade figures (July). Annual meetings of the International Monetary Fund and World Bank Group in Washington (until September 24).
FRIDAY: Major British banking groups' monthly statement (August). Provisional estimate of monetary aggregates (August). United Kingdom balance of payments (second quarter).

FT-ACTUARIES SHARE INDICES

● The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday September 11 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Sep 10 Index No.	Wed Sep 9 Index No.	Tue Sep 8 Index No.	Year ago (approx) Index No.	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (175)	683.64	+1.5	8.54	6.51	15.07	22.52	673.53	664.23	679.76	867.23	929.04 20/5	664.23 9/9	1038.07 16/7/87	50.71 13/12/74
2 Building Materials (23)	639.14	+2.4	8.27	8.66	16.74	27.19	623.86	617.65	656.17	1124.99	1121.52 11/5	617.65 9/9	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (27)	498.89	+1.9	5.08	10.84	65.60	25.74	489.76	485.72	505.17	1174.77	1069.64 11/5	485.72 9/9	1951.50 16/7/87	71.48 2/12/74
4 Electricals (9)	2009.21	+1.1	8.23	7.48	15.66	74.93	1988.24	1991.00	2048.82	2429.23	2758.50 22/5	1988.24 10/9	3040.80 8/9/89	84.71 25/6/62
5 Electronics (27)	1878.22	-0.4	8.60	4.59	14.50	46.63	1885.64	1879.14	1880.13	1775.79	2080.64 13/5	1655.93 13/1	2308.22 19/5/89	1229.01 8/10/85
6 Engineering-Aerospace (6)	288.07	+2.4	12.52	9.05	10.14	13.53	281.43	280.79	289.88	378.57	406.10 20/5	280.79 9/9	502.42 13/6/90	280.79 9/9/92
7 Engineering-General (43)	417.68	+2.0	9.73	5.75	13.10	13.00	409.59	409.31	417.79	501.51	567.62 20/5	409.31 9/9	567.62 20/5/92	339.57 23/1/91
8 Metals and Metal Forming (7)	267.74	+2.2	6.49	8.17	22.40	7.30	261.85	256.23	256.51	449.40	379.31 18/5	255.51 8/9	596.67 9/10/87	49.65 6/1/75
9 Motors (14)	286.14	+0.8	9.56	8.25	13.71	14.02	283.77	282.66	285.35	364.70	403.06 21/5	274.42 1/9	411.42 13/10/87	19.91 6/1/75
10 Other Industrial Materials (19)	1555.15	+1.8	8.06	5.36	14.99	41.12	1527.39	1480.17	1512.17	1669.63	1906.65 11/5	1480.17 9/9	1906.65 11/5/92	277.55 15/1/81
21 CONSUMER GROUP (191)	1496.94	+1.0	7.70	3.87	16.08	28.51	1481.84	1486.44	1490.92	1580.36	1761.38 11/5	1446.17 25/8	1761.38 11/5/92	61.41 13/12/74
22 Brewers and Distillers (25)	1862.86	-0.3	8.93	3.93	13.50	37.64	1868.54	1871.09	1878.55	1920.02	2278.85 11/5	1825.24 28/8	2278.85 11/5/92	69.47 13/12/74
25 Food Manufacturing (19)	1077.24	+1.2	9.95	4.90	12.42	26.54	1064.95	1068.40	1083.89	1244.89	1327.80 11/5	1064.95 10/9	1327.80 11/5/92	59.67 11/12/74
26 Food Retailing (18)	2555.13	+0.6	9.58	3.57	13.58	47.40	2540.37	2584.39	2609.02	2727.97	2998.16 18/5	2293.80 10/1	2998.16 18/5/92	54.25 11/12/74
27 Health and Household (25)	3978.62	+2.3	5.55	2.78	20.87	42.46	3887.58	3892.10	3860.86	3736.16	4654.94 14/1	3648.63 26/8	4654.94 14/1/92	175.38 28/5/80
29 Hotels and Leisure (18)	951.47	-0.1	8.47	7.20	15.43	38.39	952.55	957.23	970.20	1379.07	1450.36 13/5	951.47 11/9	1845.77 8/9/89	54.83 9/1/75
30 Media (26)	1448.30	+1.7	6.76	3.64	18.49	29.64	1424.45	1419.65	1423.87	1531.02	1721.09 11/5	1376.55 25/8	1721.09 11/5/92	1166.91 16/1/91
31 Packaging, Paper & Printing (17)	687.31	-0.1	7.74	4.82	15.89	18.71	688.28	697.27	703.24	767.86	875.53 13/5	687.31 11/9	875.53 13/5/92	43.46 6/1/75
34 Stores (34)	974.52	+0.9	7.30	3.84	18.24	17.95	965.59	963.05	966.00	1036.49	1135.66 27/4	907.08 25/8	1160.58 29/7/87	52.63 6/1/75
35 Textiles (9)	555.25	.....	8.49	5.52	14.82	16.10	555.25	568.84	575.31	645.92	756.70 8/5	551.94 25/8	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (137)	1206.62	+0.9	10.34	5.63	12.11	38.14	1195.84	1181.49	1182.38	1280.58	1359.32 11/5	1140.56 3/4	1359.32 11/5/92	58.63 6/1/75
41 Business Services (17)	1233.33	+1.0	6.92	4.21	17.63	21.54	1220.96	1213.06	1219.92	1437.37	1511.16 11/5	1160.34 1/9	1511.16 11/5/92	892.28 1/2/91
42 Chemicals (22)	1270.75	+0.2	7.74	5.71	16.02	46.24	1268.01	1255.18	1253.47	1468.54	1629.99 8/5	1243.05 1/9	1629.99 8/5/92	71.20 1/12/74
43 Conglomerates (10)	1149.78	+1.7	9.95	9.56	12.88	37.23	1130.95	1116.33	1123.13	1478.08	1509.94 11/5	1087.92 2/9	1819.46 11/8/89	975.19 10/11/87
44 Transport (14)	2248.05	+1.3	8.94	5.26	13.77	56.22	2220.20	2209.69	2234.89	2368.98	2790.11 20/5	2133.26 26/8	2790.11 20/5/92	90.80 29/6/62
45 Electricity (16)	1415.24	+1.1	14.70	5.18	8.77	52.88	1400.51	1348.23	1346.43	1243.88	1415.24 11/9	1044.63 7/4	1415.24 11/9/92	994.96 7/1/91
46 Telephone Networks (4)	1374.27	+1.0	11.00	4.81	11.85	46.15	1360.09	1355.21	1345.98	1524.30	1505.86 22/5	1274.20 3/4	1658.67 2/10/91	517.92 30/11/84
47 Water (11)	2917.19	-0.1	15.35	5.93	7.21	86.85	2919.10	2882.82	2877.89	2528.70	2963.70 26/8	2140.95 8/4	2963.70 26/8/92	1820.20 1/5/90
48 Miscellaneous (23)	1942.86	+0.9	6.81	5.21	18.40	54.03	1926.46	1909.74	1922.51	1908.70	2167.85 11/5	1770.94 3/1	2167.85 11/5/92	60.39 6/7/75
49 INDUSTRIAL GROUP (483)	1199.62	+1.1	8.71	4.89	14.37	30.59	1187.04	1181.48	1188.11	1310.74	1427.97 11/5	1168.49 1/9	1427.97 11/5/92	59.01 13/12/74
51 Oil & Gas (17)	1824.94	+1.8	7.42	7.03	17.65	69.56	1793.12	1787.67	1789.51	2441.00	2226.66 2/1	1756.72 7/8	2528.70 3/8/90	87.23 29/5/62
59 500 SHARE INDEX (500)	1259.83	+1.1	8.58	5.10	14.64	33.75	1245.74	1240.11	1246.50	1408.16	1493.99 11/5	1228.86 26/8	1493.99 11/5/92	63.49 13/12/74
61 FINANCIAL GROUP (83)	673.73	+1.7	-	6.50	-	27.63	662.35	658.49	662.71	835.64	802.65 20/5	631.13 25/8	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	921.02	+2.3	5.65	5.98	26.55	39.95	899.92	897.51	901.75	977.67	1026.34 20/5	790.95 3/4	1026.34 20/5/92	62.44 12/12/74
65 Insurance (Life) (6)	1429.07	+1.4	-	6.34	-	45.47	1408.77	1370.19	1356.41	1593.35	1613.38 21/5	1243.61 6/4	1632.53 4/9/91	44.88 2/1/75
66 Insurance (Composite) (7)	462.74	+1.7	-	6.50	-	16.37	455.01	451.97	462.56	648.36	564.54 13/5	418.66 27/7	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (10)	586.70	+1.9	12.10	9.34	10.84	39.26	575.77	570.64	569.26	1179.30	1031.35 27/1	527.43 25/8	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (7)	406.61	+0.2	-	5.32	-	12.37	405.98	408.98	409.84	460.33	521.89 22/5	395.41 28/8	547.59 12/10/87	31.21 7/1/75
69 Property (30)	489.80	-0.2	11.45	9.09	11.63	22.22	490.70	490.40	499.78	951.34	799.69 20/1	489.80 11/9	1398.87 5/9/89	56.01 20/4/65
70 Other Financial (14)	216.58	-0.1	9.22	7.60	14.24	7.29	216.87	216.75	218.00	268.96	271.79 26/5	215.81 2/9	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts (70)	1050.55	+0.8	-	4.28	-	25.50	1042.53	1041.08	1047.34	1251.78	1273.08 11/5	1024.12 25/8	1323.81 4/1/90	71.12 13/12/74
99 ALL-SHARE INDEX (653)	1118.91	+1.2	-	5.26	-	31.83	1105.69	1100.59	1106.46	1269.19	1326.36 11/5	1086.13 25/8	1326.36 11/5/92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 10	Sep 9	Sep 8	Sep 7	Sep 4	Year ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♦	2370.9	+30.3	2373.4	2346.5	2340.6	2327.5	2337.7	2372.2	2362.2	2625.8	2737.8 11/5	2281.0 25/8	2737.8 11/5/92	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Sep 11	Day's change %	Thu Sep 10	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (22)	120.70	-0.06	120.78	2.16	8.79
2 5-15 years (25)	135.97	-0.08	136.55	1.73	10.07
3 Over 15 years (8)	149.30	+0.08	149.18	0.79	9.97
4 Irredeemables (6)	170.02	+0.36	169.40	2.72	8.83
5 All stocks (61)	133.93	-0.05	134.25	1.80	9.79
Index-Linked					
6 Up to 5 years (2)	168.66	-0.28	169.13	0.27	3.25
7 Over 5 years (10)	145.32	-0.25	145.68	0.58	3.64
8 All stocks (12)	147.37	-0.25	147.75	0.54	3.56
9 Debs & Loans (62)	119.70	+0.22	119.44	1.98	8.69

AVERAGE GROSS REDEMPTION YIELDS		Fri Sep 11	Thu Sep 10	Year ago (approx.)	1992 High	1992 Low
British Government						
1 Low	5 years	8.82	8.83	8.50	9.43 2/4	7.91 1/6
2 Coupons	15 years	8.83	8.83	9.34	9.72 1/4	8.65 9/7
3 (0%-7¾%)	20 years	8.83	8.83	9.35	9.72 1/4	8.65 9/7
4 Medium	5 years	9.73	9.68	9.57	10.28 1/4	9.01 3/7
5 Coupons	15 years	9.03	9.02	9.49	9.82 1/4	8.84 1/6
6 (8%-10¾%)	20 years	8.90	8.91	9.46	9.76 1/4	8.81 2/6
7 High	5 years	9.99	9.95	9.77	10.50 1/4	9.22 3/7
8 Coupons	15 years	9.28	9.25	9.58	9.96 1/4	9.00 22/5
9 (11%-)	20 years	9.11	9.10	9.51	9.86 1/4	8.95 22/5
10 Irredeemables	†	9.01	9.04	9.56	9.92 2/4	8.95 14/7
Index-Linked						
11 Inflation rate 5%	Up to 5yrs.	4.75	4.74	3.60	4.75 11/9	3.52 4/3
12 Inflation rate 5%	Over 5 yrs.	4.68	4.68	4.19	4.73 1/9	4.27 17/2
13 Inflation rate 10%	Up to 5 yrs.	3.91	4.01	2.55	4.01 10/9	2.86 4/3
14 Inflation rate 10%	Over 5 yrs.	4.48	4.51	3.99	4.54 1/9	4.07 17/2
15 Debs &	5 years	10.73	10.78	11.28	11.51 6/4	10.30 8/6
16 Loans	15 years	10.44	10.46	11.07	11.22 6/4	10.07 1/6
17	25 years	10.28	10.31	10.92	11.02 6/4	9.98 1/6

♦Opening index 2357.5; 9 am 2351.1; 10 am 2346.6; 11 am 2349.1; Noon 2356.9; 1 pm 2366.9; 2 pm 2371.2; 2.30 pm 2367.1; 3 pm 2367.8; 4.10 pm 2373.1; (a) 3.59pm (b) 9.55am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, Londonoducts relating to these indices. Tel: 071-873 4613.

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*550)	500	62	70	80	4	10	13
	550	22	37	47	18	29	33
	600	5	15	26	55	58	64
ASDA (*30)	25	6	8	8	2	3	4
	30	3½	5	6	4½	5½	6
	35	1	3	4½	7	10	11
Brit. Airways (*273)	260	22	31	37	7	13	16
	280	11	20	26	16	23	26
	300	5	12½	18	30	35	37
SmKl Beecham A (*490)	450	48	62	-	4	10	-
	475	29	45	-	10	17	-
	500	14	30	40	22	29	34
Boots (*462)	460	22	34	46	16	24	30
	500	6½	18	28	43	50	53
B.P. (*197)	180	22	27½	30	3	7½	9½
	200	9	16	18½	10	15	18
British Steel (*51)	50	5	7½	9½	4½	6½	7½
	60	2	3½	5½	10½	12½	13
Bass (*508)	500	28	39	47	14	27	30
	525	15	-	-	27	-	-
C & Wire (*520)	500	35	50	61	8½	17	23
	550	10	25	34	36	44	48
Courtaulds (*422)	420	21	32	42	13	22	26
	460	5	15	24	42	46	49
Com. Union (*490)	460	40	53	62	5½	9	18
	500	12	30	37	21	27	37
Fisons (*167)	160	20	29	35	9	20	24
	180	10	21	26	21	30	35
GKN (*337)	330	20	32	38	9	14	21
	360	6½	18	20	27	30	37
Grand Met. (*404)	400	19	105	-	11	3	-
	425	8½	85	-	27	5	-
I.C.I. (*1072)	1050	57	92	103	22	32	53
	1100	29	64	75	45	57	77
Kingfisher (*459)	420	44	58	69	7	14	18
	460	16	34	45	24	32	35
Ladbroke (*152)	140	18	23	28	8	14	16
	160	7	15	18	20	24	28
Land Secur (*357)	330	35	40	47	3	7	8
	360	12	19	27	10	17	20
M & S (*314)	300	25	34	40	8	14	15
	330	8	18	26	21	26	30
Sainsbury (*434)	420	25	41	50	8	15	17
	460	8	20	29	30	35	37
Shell Trans. (*473)	460	17	31	35	11	15	23
	500	4	13	17	38	39	47
Storehouse (*130)	130	9	14	17	7	11	17
	140	5	9	12	13	16	18
Trafalgar (*44)	40	8	12	14	4½	6½	9½
	45	6	9	10	7	12	13
Utd. Biscuits (*258)	240	28	29	34	6½	10	14
	260	10	18	24	16	19	26
Unilever (*950)	950	30	53	74	21	32	37
	1000	11	30	49	52	59	64
Option		**Nov**	**Feb**	**May**	**Nov**	**Feb**	**May**
Brit Aero (*210)	180	42	50	51	13½	20	22
	200	30	39	40	22	32	32
	220	21	30	32	35	40	44

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
BAA (*656)	600	75	87	102	5	12	17
	650	39	54	68	20	30	35
	700	16	31	45	50	57	62
BAT Inds (*745)	700	68	89	96	12	20	31
	750	37	58	64	30	39	52
	800	16	36	44	62	69	79
BTR (*430)	390	44	54	59	4	9½	17
	420	21	35	40	15	30	30
	460	7	17	22	42	45	53
Brit Telecom (*345)	330	27	34	49	6½	11	13
	360	10	17	23	20	26	27
Cadbury Sch (*421)	420	24	38	43	19	24	31
	460	8	20	26	46	48	54
Eastern Elec (*373)	370	23	32	41	15	22	25
	400	11	20	28	33	38	41
Guinness (*518)	500	39	53	62	14	21	27
	550	13	28	37	44	48	51
GEC (*225)	220	14½	19	25	6	10	11½
	240	5½	10	15	19	22	23
Hanson (*195)	180	23½	26	31	2	5½	7
	200	9½	14½	18	8	11½	14½
LASMO (*125)	120	17	23	26	8½	13	16
	130	11	18	20	14	18	22
Lucas Inds (*91)	90	8	12	14	11½	15	17
	100	4½	9	10	19	24	24
P & O (*342)	330	27	38	46	25	30	42
	360	14	27	32	43	48	60
Pilkington (*78)	70	15	17	22	4	7	8½
	80	10	13	17	8½	12	14
Prudential (*249)	240	16	24	27	8½	12	16
	260	7	14	17	20	23	28
R.T.Z. (*531)	500	44	62	67	11	16	26
	550	17	33	40	35	39	50
Scot. & New (*409)	390	33	41	52	10	15	18
	420	16	26	34	23	27	27
Tesco (*211)	200	20	28	31	7	11	13
	220	10	16	21	18	21	23
Thames Water (*443)	420	36	43	53	7	12	15
	460	11	20	30	27	31	35
Vodafone (*291)	280	27	34	40	10	16	19
	300	16	24	30	19	26	30
Option		**Sep**	**Dec**	**Mar**	**Sep**	**Dec**	**Mar**
Abbey Nat. (*270)	240	32	43	47	1	4	7
	260	12	26	33	2	7	12
	280	1½	15	22	12	16	21
Amstrad (*21)	15	6	7	8½	1	2	2½
	20	2	4	5½	1½	3½	4½
	25	1	2½	4	5	6½	7½
Barclays (*314)	300	16	34	39	3	10	19
	330	2½	15	24	21	27	35
	360	1	7½	13	51	52	57
Blue Circle (*135)	130	7	14	19	3	11	13
	140	2	9½	14	11	16	18
	160	1	5	8½	28	32	33
British Gas (*232)	220	13	18	23	1½	8	10½
	240	1½	8½	14	9	19½	22
Dixons (*199)	180	22	32	36	2	6½	11
	200	5	20	25	6	14	19

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel (*360)	360	15	40	53	14	30	42
	390	4	25	40	40	49	57
Glaxo (*772)	750	27	63	83	5	38	51
	800	3½	40	60	31	66	77
Hillsdown (*85)	80	7	16	21	2	11	15
	90	2½	12	16	6	16	20
Lonrho (*69)	60	11	18	17	1½	3	6
	70	3	10	12	3	8	10½
HSBC (75p shs) (*345)	330	18	40	49	2	12½	21
	360	2½	21	33	17	29	38
National Power (*261)	260	5	18½	25	5	13	17
	280	1½	10	16	22	24	29
Reuters (*1117)	1100	29	94	125	7½	45	60
	1150	4½	63	99	38	70	88
R. Royce (*126)	120	6	13½	17	2	6	9½
	130	2	8½	12	6	10½	14
Scottish Power (*168)	160	9	16	19	1	3½	6½
	190	2	10	-	4	8	-
Sears (*66)	60	8	10	13	1	4	5
	70	1½	6	7	5	8½	9½
Forte (*126)	120	10	19	25	2	12	15
	130	2½	14	20	6½	17	20
Thorn EMI (*670)	669	10	-	-	9	-	-
	719	2½	-	-	51	-	-
TSB (*131)	130	3	12	15	4	8½	11
	140	1	7½	10	12	14	17
Vaal Reefs (*530)	30	2	4½	5½	1	2½	5
	35	1½	3	3	5	6	8
Wellcome (*872)	850	26	68	94	4	37	50
	900	3	43	65	35	62	80

EURO FT-SE INDEX (*2373)

	2175	2225	2275	2325	2375	2425	2475	2525
CALLS								
Sep	212	162	113	68	32	8	3	1
Oct	237	192	147	113	82	56	35	21
Nov	-	215	-	140	-	80	-	40
Dec	-	232	-	160	-	105	-	60
Mar	-	270	-	198	-	140	-	95
Jun	-	292	-	223	-	165	-	125
PUTS								
Sep	1½	3	4½	8½	20	51	96	145
Oct	14	20	30	42	59	82	112	148
Nov	-	31	-	54	-	92	-	150
Dec	-	36	-	58	-	97	-	152
Mar	-	45	-	70	-	110	-	155
Jun	-	66	-	89	-	123	-	174

FT-SE INDEX (*2373)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Sep	188	139	90	44	16	3	1	½
Oct	208	163	125	94	64	43	26	16
Nov	233	193	156	121	90	67	47	33
Dec	253	214	177	145	115	88	67	48
Jun †	-	-	-	-	-	-	140	-
PUTS								
Sep	1	2	5	12	35	80	130	180
Oct	17	23	34	50	75	103	137	183
Nov	25	33	45	63	85	112	145	183
Dec	30	40	56	70	105	-	152	-
Jun †	64	-	90	-	-	-	-	-

September 11 Total Contracts 35,499
Calls 19,044 Puts 16,455
FT-SE Index Calls 7,966 Puts 8 563
Euro FT-SE Calls 870 Puts 701
*Underlying security price † Long dated expiry mths
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	40	Ladbroke	17	Sears	7	■ OILS	
Allied-Lyons	43	Comm Union	42	Legal & Gen	27	SmKl Bchm A	34	Aviva Pet	12
Amstrad	4	Courtaulds	33	Lex Service	18	TI	50	BP	16
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	31	TSB	11	Burmah Castrol	39
BAT Inds	64	FKI	8	Lonhro	9	Tesco	17	Conroy Pet	6
BOC	49	FNFC	6	Lucas Inds	10	Thorn EMI	51	Gaelic Res	½
BTR	32	Forte	17	Marks Spencer	22	T & N	11½	Premier Cons	2½
Barclays	24	GKN	31	Midland Bank	30	Unilever	70	Shell	33
Blue Circle	18	Gen Accident	38	NatWest Bank	22	Vickers	12	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	33	Wellcome	70	■ MINES	
Bowater	56	Glaxo	55	Racal Elect	6	■ PROPERTY		RTZ	39
Brit Aerospace	30	Grand Met	29	RHM	14	Brit Land	17		
British Steel	6	GRE	13	Rank Org	42	Land Sec.	32		
BT	25	Hanson	15	Ratners	2½	MEPC	24		
Cadburys	32	ICI	78	Reed Intl	41				

INTERNATIONAL COMPANIES AND FINANCE

Sweden draws up contingency plan to bail out banks

By Robert Taylor and Sara Webb in Stockholm

THE Swedish government is preparing contingency plans to save the country's banking system from possible collapse.

Faced with estimated credit losses for all Sweden's banks of up to SKr90bn over the next few years, the finance ministry is drawing up options for action should the position worsen.

Mr Urban Bäckström, under secretary at the finance ministry, said the measures included the state acquiring the bank's bad debts or setting up some form of insurance to curb their credit losses. The banks would have to guarantee to repay the state over a number of years.

However, Mr Bäckström ruled out taking the banks into state ownership. "We don't want the government to own banks," he said. "We have seen from the experience of other countries that this is inefficient," referring to Norway and Finland.

The cost to the government of any further bank rescues could be substantial. He said: "*Everybody will have to pay* for achieving stability as taxpayers and customers.

"Foreigners and creditors to the Swedish banking system should not feel worried because the government will defend it."

Earlier this year the Swedish government carried out *ad hoc* rescues of Nordbanken, with SKr20bn in loans and guarantees, and Forsta Sparbanken, the savings bank with SKr7.3bn. And this week the government was forced to guarantee all the obligations of Gota Bank, Sweden's fourth largest commercial bank.

But Mr Bäckström said the state had to prepare for a "worst case scenario" with a comprehensive strategy "taking a whole grip of the banking system".

The troubles of Sweden's banking sector increased yesterday when Moody's Investors Service said it was reviewing the possible downgrading of the long-term debt ratings of the country's leading commercial banks. These are Skandinaviska-Enskilda Banken, Svenska Handelsbanken, Nordbanken and Swedbank, the savings bank.

Mr Bjorn Sprangare, chief executive of Trygg-Hansa – the insurance conglomerate which is Gota Bank's chief shareholder – said yesterday his company would continue to provide financial support for the bank as long as this did not put at risk Trygg-Hansa's financial position.

His remarks cleared up confusion earlier this week, when it appeared Trygg-Hansa thought the Swedish state would be responsible entirely for Gota's financial rescue. *Under pressure from the* finance ministry, Mr Sprangare accepted that Trygg-Hansa would continue to "contribute to a solution which limits the burden on tax payers".

At the same time the Swedish government emphasised it will guarantee all the activities of Gota Bank to individual customers, corporations and other creditors, until a solution is found for its future. This followed the bank revealing that credit losses for this year would mount to SKr8bn, with an operating deficit of between SKr3bn and SKr4bn.

Syndicated Ecu8bn loan sought to support krona

By Sara Webb in Stockholm

SWEDEN plans to launch an Ecu8bn syndicated loan in the international credit market as part of the Ecu16bn financing being used to help support the krona in the foreign exchange markets.

The Swedish *currency came* under pressure earlier this week after Finland cut the markka's link with the Ecu, allowing it to float against other currencies.

Sweden was hit by a sudden outflow of capital, and the Riksbank, the country's central bank, was forced to pushed its marginal lending rate up to 75 per cent, from 24 per cent, to defend the Swedish currency.

The Riksbank said it would add foreign currency worth up to Ecu16bn to its foreign exchange reserves, using borrowings made on its own behalf and on the part of the National Debt Office. The Ecu8bn syndicated loan, being co-ordinated by J.P. Morgan, *constitutes half this* borrowing.

The remainder of the Ecu16bn earmarked for supporting the krona has been raised already. The National Debt Office said it has drawn on US and Euro-commercial paper programmes amounting to $5bn and two standby credit facilities totalling $3.4bn, while the Riksbank has drawn on existing agreements with other central banks.

Nestlé's first-half profits jump 16.5%

By Ian Rodger in Vienna

NESTLE, the world's largest foods group, has reported a 16.5 per cent jump in consolidated net profits for the first half to SFr1.18bn ($960m) on sales up 13.3 per cent to SFr26.3bn.

The group, which acquired Source Perrier, the leading French mineral water group, in July, said sales volume growth of 3.3 per cent would be maintained or improved in the second half. But it warned *that if the dollar and yen* remained weak and the Swiss franc strong against other European currencies until the year-end, the profit growth rate would slow.

Volume growth in all regions was over 4 per cent, except in Brazil where it declined after a very strong 1991. Margins improved "significantly" in all areas except Europe.

Net financing costs rose 26 per cent to SFr307m, reflecting higher interest charges and a 9.4 per cent rise in net borrowings to SFr7.1bn at June 30 compared with a year earlier. The 1992 net debt figure was *struck before paying* SFr3.4bn for Perrier.

Capital spending rose 16.2 per cent to SFr1.3bn during the first half.

Perrier will be consolidated from July 1.

See Lex

John Labatt to spin off its dairy division

By Bernard Simon in Toronto

JOHN LABATT, the Canadian beer and entertainment group, is spinning off its dairy division into a separate, listed company.

Labatt, controlled by Toronto's Bronfman family, is also paying a special dividend totalling C$275m (US$225m) or C$3 a share.

The dairy business has revenues of about C$2bn a year from operations in the US and Canada. Labatt has withdrawn from numerous food-process*ing ventures over the past few* years, and the creation of a separate dairy company is a further effort to concentrate on its brewing and entertainment interests.

Separately, Labatt reported a 13 per cent rise in first-quarter earnings from continuing operations to C$52m, or 55 cents a share, from C$46m or 47 cents. Revenues rose by 12 per cent to C$1.12bn.

Japan's steel groups slash profit forecasts

By Robert Thomson in Tokyo

JAPAN'S leading steel makers yesterday announced sharp downward revisions of profit estimates for the first half to end-September, and they are likely apply for government subsidies to help cover the cost of transferring and retraining idled workers.

Nippon Steel, the country's largest producer, forecast a 74.6 per cent fall in pre-tax profit to Y14bn, ($113.8m) compared to the same period last year, and said the effects of the government's just-announced emergency economic package would come too late to bolster profits this year.

Other makers expect similar profit falls, with Kobe Steel down from Y18.9bn last year to Y6bn, Kawasaki Steel's profit to be halved to Y4bn, Sumitomo Metal Industries down from Y22.2bn to Y4bn, and NKK falling from Y14.1bn to Y5bn.

The industry is suffering because of falling sales to most of its leading customers, including the car, construction, and consumer *electronics* industries, and because streamlining programmes begun in the mid-1980s were derailed during the easy money era of the late 1980s.

An application for government subsidies would signal a return to streamlining, as the last application was made after appreciation of the yen *prompted a sharp fall in crude* steel production in 1986. However, demand rose in 1990, as domestic car sales soared and speculative developers fuelled construction orders.

The downturn over the past year has also highlighted unwise diversifications made by steel makers attempting to employ idle workers in ventures *ranging from amusement* parks to bicycle factories.

Companies have been forced to review those investments, and it appears likely that workers will be retrenched over the next year.

Nippon *Steel said sales for* the first half are likely to fall 6.4 per cent to Y1,190bn, while pre-tax profit for the full-year is expected to fall 60 per cent to Y40bn on a 9 per cent fall in sales to Y2,400bn. The company's *crude steel production* is forecast to fall 14 per cent in the first half.

"We should feel some effects of the economic package, but a real recovery will not come until next fiscal year. Crude steel production in the second half is likely to be a bit higher than in the first half," Nippon Steel said.

Steel companies are expected to benefit from a rise in public works investment as part of the Y10,700bn economic package announced in August in an attempt to revive the ailing economy. But it is unclear whether the package will stabilise crude steel demand.

Kobe said sales are likely to fall 6 per cent in the first half, while Kawasaki is expecting sales of Y550bn, down from Y592bn. Sumitomo predicted sales would fall from Y569bn to *Y520bn*. However, NKK's sales are still forecast to rise slightly from Y596bn to Y600bn.

NKK's steelworks at Ohgishima

Mazda Motor to trim payout as it loses market share

By Steven Butler in Tokyo

MAZDA Motor, the Japanese car maker, yesterday cut its profit estimate for the year by more than half and said it would cut its dividend payment.

The move comes in response to the weak state of the domestic market, which has cut heavily into Mazda sales. *Mazda, however, is facing an* especially difficult situation compared to most Japanese car makers.

It is losing market share in a declining market. At the same time it faces an enormous depreciation charge following a period of high investment to expand capacity made when it expected the market to continue growing rapidly.

Mazda said its parent-company pre-tax profits in the year to March 1993 would come to only Y7bn ($57m), 64 per cent lower than last year's Y19.67bn in pre-tax profits, and 86 per *cent below profits seen two* years ago.

It said it would cut its interim dividend from Y3.5 a share to Y3 a share, and reduce the second-half payout from Y4 to Y3 a share, resulting a 20 per cent cut in the full-year distribution.

Like other Japanese car makers, Mazda has been forced to cut sales projections in response to the rapid cooling of consumer spending at home. Mazda had expected to increase unit sales this year, but now says sales will fall from 550,000 to 520,000 units at home. Exports are expected to *be down by 60,000 units to* 800,000 units.

As a result, Mazda expects the value of sales to decline by less than 1 per cent to Y2,290bn.

Net after tax income is projected to decline from Y9.27bn to Y3.5bn.

Mazda is also expected to cut further into capital spending, bringing this down to Y125bn, compared to Y148bn last year.

Mazda geared up strongly for growth in the late 1980s, and last year finished restructuring its domestic sales network into five channels, each of which must be supplied with a range of different vehicle models. The cost of investing in the sales network plus the high cost of developing so many new models is now weighing heavily on the company.

Toyota is the only other domestic car company which maintains so many sales channels, but its sales are about 5 times larger than Mazda's.

Mazda also appears to have been caught by the shift of consumer tastes in Japan toward more conservative goods.

Its range of vehicles are probably the most radically styled on the road in Japan, which would probably have won it many customers at the time the expansion was planned.

Now, however, it continues to lose market share to other companies whose models are arguably more dull.

Shake-up at Nikko Securities

By Robert Thomson in Tokyo

NIKKO Securities, Japan's third largest broker, is apparently in the final stages of preparing a streamlining programme that may lead to the closing of domestic and international branches and cuts to its workforce.

The company confirmed yesterday that it will transfer the operations of its Copenhagen office to London at the end of *this month, and merge the* business of the San Francisco office of Nikko Securities International with that of the Los Angeles office.

Japanese newspapers reported that the company may reduce its 11,000-member workforce by 1,700 as part of a three-year review programme and that about 10 domestic branches would be closed, but the company did not confirm those reports.

Most Japanese securities houses are being forced to review staff and branch numbers, as the continuing weakness of the Tokyo stock market, combined with the rapid expansion of the industry during the late 1980s, has left companies with unsustainable personnel costs.

However, in a decision that runs against the tide, Nikko said that two affiliates, Nikko Research Center and Nikko System Center, would share a new San Francisco office from January next year to research "information technologies".

● The Bank of Tokyo Ltd group has agreed to use Y2.4bn to finance Dainana Securities, an unlisted brokerage which has been hit by the ongoing stock market slump, Reuter reports from Tokyo.

Dainana will increase its capital through the allocation of new *shares to a third party* with the support of the Bank of Tokyo group, a leading Dainana shareholder.

Dainana will receive payment on September 28.

With the Bank of Tokyo group's financial support, Dainana will be able to increase its capital by Y1.2bn to about Y3.28bn. Also, Dainana will be able to raise the percentage of self-owned capi*tal to 200 per cent,* and meet self-owned capital regulations. It is currently down to about 120 per cent, he added.

The brokerage posted a pretax loss of Y3.31bn for the year to March 1992, due to the sluggish stock market in Japan.

Dainana appointed as president a former Bank of Tokyo official, Mr Yoshiaki Ara, as a part of its restructuring process supported by the bank.

Hitachi cuts audio-visual workforce by about 20%

By Steven Butler in Tokyo

THE steep decline in Japan's consumer electronics market is forcing Hitachi, Japan's largest electrical machinery company, to cut its workforce in the audio-visual division by 20 per cent this year, or by about 800.

The move by one of Japan's most prominent companies is a sign of the depth of the recession in the industry. Cutting employment is the last resort for a company like Hitachi, and a clear sign that the market is not expected to recover.

The 800 employees do not face redundancy but will be transferred to other divisions or affiliated companies, of which Hitachi has a vast network. The company has already ordered 2,200 workers who were making video recorders to take extra holidays in September and October to reduce production and bring down bulging inventories.

These short-term measures, however, now appear to be insufficient.

The company is also considering plans to chop back on headquarters management staff by retraining personnel and sending them to work in sales or maintenance.

Hitachi has yet to issue a formal revision of its profits forecast, but a company spokesman said pre-tax profits would likely fall below Y100bn ($813m) in the year to March 1993, from Y128.9bn last year.

Hitachi faces slow sales across a wide range of product areas, including semiconductors and computers. But its electrical power division is performing well because of projects in Japan.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$340.25	-.125	$344.20	$358.40	$335.20
Silver Per troy oz	192.10p	+3.63	229.75p	242.70p	187.58p
Aluminium 99.7% (cash)	$1272	-8	$1224.5	$1339.0	$1105.5
Copper Grade A (cash)	£1242.5	-9	£1339.5	£1340.5	£1125.0
Lead(cash)	£327	+1	£313.25	£383.5	£278.50
Nickel (cash)	$6937.5	-142.5	$7857.5	$8195.0	$6913
Zinc SHG (cash)	$1365	-71.75	$1039	$1457.5	$1106.5
Tin (cash)	$6685	-40	$5620	$7115.0	$5425.0
Cocoa Futures (Dec)	£621	-10	£742	£773	£523
Coffee Futures (Nov)	$786	-2	$562	$1013	$676
Sugar (LDP Raw)	$254.2	+4.8	$235.5	$272.6	$193
Barley Futures (Nov)	£112.70	-0.05	£113.40	£123.90	£106.90
Wheat Futures (Nov)	£115.50	-0.30	$116.90	£131.85	£109.85
Cotton Outlook A Index	55.80c	-1.25	69.40c	65.90c	52.25c
Wool (64s Super)	368p	n/c	357p	480p	354p
Oil (Brent Blend)	$20.425x	+0.275x	$20.225	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted p-pence/kg. c-cents lb x-Oct.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$18.45-8.50	+.150
Brent Blend (dated)	$20.35-0.45	+.050
Brent Blend (Oct)	$20.40-0.45	+.050
W.T.I. (1 pm est)	$21.90-2.00	+.075

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$217-220	
Gas Oil	$187-188	-0.5
Heavy Fuel Oil	$88-90	+1.0
Naphtha	$190-191	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$340.25	-2.05
Silver (per troy oz)♣	369.5c	-4
Platinum (per troy oz)	$356.25	-0.95
Palladium (per troy oz)	$88.50	-2.25
Copper (US Producer)	111c	-3.5
Lead (US Producer)	40.1c	+0.7
Tin (Kuala Lumpur market)	16.60r	
Tin (New York)	310.50c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	108.76p	-2.66*
Sheep (live weight)†♣	70.77p	-1.78*
Pigs (live weight)†	78.99p	-0.79*
London daily sugar (raw)	$254.2w	+7.5
London daily sugar (white)	$288.3w	+3.1
Tate and Lyle export price	£239	
Barley (English feed)	£112.0	
Maize (US No. 3 yellow)	£140.0	
Wheat (US Dark Northern)	Unq	
Rubber (Oct)♥	50.50p	+0.50
Rubber (Nov)♥	50.50p	+0.50
Rubber (KL RSS No 1 Jul)	219m	+1.5
Coconut oil (Philippines)§	$515.0z	
Palm Oil (Malaysian)§	$410.0	-5
Copra (Philippines)§	$330	-2.5
Soyabeans (US)	£134.0z	
Cotton "A" Index	55.80	
Wooltops (64s Super)	368p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. t-Oct/Nov w-Sep/Oct y-Sep u-Oct. z-Nov †Meat Commission average fatstock prices.* change from a week ago ♥London physical §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg. ♣Sheep prices are now live weight prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Oct	216.40	216.00	215.20 214.00
Dec	200.00		200.60 200.00
Mar	202.00	202.00	201.00

White	Close	Previous	High/Low
Oct	266.50	265.50	267.00 265.50
Dec	261.30	260.50	261.50 260.30
Mar	264.50	264.40	265.00 263.50
May	266.50	265.90	268.50 265.80
Aug	270.00	269.40	269.10 268.30

Turnover: Raw 141 (132) lots of 50 tonnes. White 2195 (2372) Paris- White (FFr per tonne) Oct 1314.30 Dec 1304.31

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Oct	20.41	20.33	20.42 20.25
Nov	20.42	20.38	20.43 20.28
Dec	20.39	20.36	20.40 20.25
Jan	20.28	20.28	20.30 20.25
Feb	20.15	20.08	20.15
IPE Index	20.38	20.34	20.38

Turnover 19938 (33608)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Oct	189.75	190.00	190.75 189.00
Nov	192.75	192.00	193.00 191.50
Dec	194.50	194.00	194.75 193.50
Jan	194.50	194.00	194.75 193.75
Feb	190.25	189.75	190.50 190.00
Mar	184.75	183.75	185.25 184.50
Apr	181.25	180.50	181.50 181.00
May	179.00	178.25	180.00 179.00
Jun	179.00		179.25 177.75

Turnover 8130 (15132) lots of 100 tonnes

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep 11	Sep 10	mnth ago	yr ago
1508.9	1501.8	1522.5	1671.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep 10	Sep 9	mnth ago	yr ago
Spot	118.24	118.29	115.32	118.18
Futures	114.71	115.18	114.57	123.12

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Sep	589	595	596 589
Dec	616	621	630 616
Mar	645	651	659 642
May	665	669	677 666
Jul	683	688	693 683
Sep	700	706	711 700
Dec	726	733	739 724
Mar	753	762	760
May	780	782	776
Jul	800	801	655

Turnover: 6524 (4628) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Sep 10 794.99 (802.80) 10 day average for Sep 11 799.49 (801.38)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Sep	754	764	768 756
Nov	769	786	789 786
Jan	779	796	797 780
Mar	791	805	810 791
May	800	813	820 800

Turnover:2209 (2198) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Sep 10 Comp. daily 45.86 (45.81) 15 day average 46.22 (46.17)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	57.0	57.2	57.5 56.7

Turnover 86 (86) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Dec	122.50	-	122.50
Feb	124.50	-	124.50

Turnover 20 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Sep	1080	1090	1085 1075
Oct	1160	1165	1160 1154
Nov	1162	1166	1162 1155
Jan	1200	1215	1208 1200
Apr	1265	1270	1265 1260
Jul	1105	1115	1105 1100
Oct	1290	1300	1290
BFI	1056	1055	1056

Turnover 333 (305)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Nov	115.50	115.75	115.60 115.30
Jan	119.10	119.75	118.30 118.05
Mar	122.20	-	122.25 122.15
May	125.50	-	125.50
Barley	**Close**	**Previous**	**High/Low**
Jan	118.40	118.50	118.40 118.30

Turnover: Wheat 176 (136). Barley 26 (51). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	105.5	107.0	105.5

Turnover:2 (2) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 33,124 lots
Cash	1271.5-2.5	1270-1		1270-0.5		
3 months	1294-4.5	1293-4	1294.5/1284	1292.5-3.0	1293-4	187,225 lots
Copper, Grade A (£ per tonne)						Total daily turnover 27,809 lots
Cash	1242-3	1213.5-4.5	1227/1226.5	1226-7		
3 months	1267.5-8.0	1242-2.5	1275/1250	1252-3	1270.5-1.5	192,336 lots
Lead (£ per tonne)						Total daily turnover 2,352 lots
Cash	326.5-7.5	326.5-7.5	324.5/324.5	324.5-5.0		
3 months	334.5-5.0	334-5	337/332	331.5-2.0	335.5-6	26,367lots
Nickel ($ per tonne)						Total daily turnover 5,021 lots
Cash	6935-40	6920-30		6910-15		
3 months	7010-15	6985-7000	7020/6960	6980-1	7010-15	30,004 lots
Tin ($ per tonne)						Total daily turnover 1,693 lots
Cash	6690-700	6680-90		6675-80		
3 months	6740-5	6735-40	6750/6725	6725-30	6740-5	11,360 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 17,027 lots
Cash	1364-5	1353-5	1365/1355	1355-6		
3 months	1340-2	1333-4	1345/1313	1335-6	1339-9	65,116 lots

LME Closing £/$ rate: SPOT: 1.9240 3 months: 1.8911 6 months: 1.8554 9 months: 1.8241

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)

	$ price	£ equivalent
Close	340.10-340.40	
Opening	341.60-342.00	
Morning fix	341.05	175.104
Afternoon fix	340.00	175.420
Day's high	341.70-342.00	
Day's low	339.80-339.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.41	6 months	2.42
2 months	2.40	12 months	2.52
3 months	2.41		

Silver fix	p/troy oz	US cts equiv
Spot	192.10	369.50
3 months	194.30	371.40
6 months	199.40	374.40
12 months	209.70	380.90

GOLD COINS

	$ price	£ equivalent
Krugerrand	340.50-341.00	175.00-178.00
Maple leaf	350.70-353.00	-
New Sovereign	82.00-84.00	42.00-43.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1250	37	67	4	14
1300	9	38	26	33
1350	3	18	68	62
Copper (Grade A)	**Calls**		**Puts**	
2350	68	94	9	37
2400	33	65	26	59
2450	13	44	58	86
Coffee	**Dec**	**Mar**	**Dec**	**Mar**
700	75	30	87	13
750	40	57	23	30
800	19	33	52	56
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
600	37	68	20	25
625	25	54	33	35
650	16	42	49	48
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
2000	60		22	39
2050	35	47	44	63
2100	19	30		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	340.9	342.2	0	0
Oct	341.4	342.7	341.7	340.2
Nov	342.0	343.3	0	0
Dec	342.9	344.2	343.2	341.5
Feb	344.4	345.7	344.4	343.3
Apr	345.8	347.1	346.2	346.0
Jun	348.4	348.7	0	0
Aug	348.1	350.4	0	0
Oct	350.9	352.2	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	357.8	358.6	358.0	353.5
Jan	355.5	356.5	356.5	351.0
Apr	354.3	355.3	352.5	352.5
Jul	355.3	358.3	357.0	357.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	367.9	370.1	368.0	368.5
Oct	368.1	370.6	0	0
Nov	369.0	371.5	0	0
Dec	370.7	373.2	372.0	368.5
Jan	372.0	374.5	0	0
Mar	374.3	376.8	375.0	372.0
May	376.7	379.2	377.5	376.0
Jul	378.0	381.5	377.5	377.5
Sep	381.4	383.9	0	0
Dec	385.4	387.9	387.0	384.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	106.00	106.10	107.00	105.80
Oct	106.40	106.30	106.85	106.40
Nov	106.70	106.65	106.85	106.75
Dec	107.00	106.95	107.35	106.60
Jan	107.15	107.30	107.40	107.05
Feb	107.30	107.35	107.75	107.75
Mar	107.40	107.15	108.10	107.00
Apr	107.30	107.20	108.00	108.00
May	106.90	106.75	107.70	106.75
Jun	106.60	106.50	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	48.45	50.00	50.25	49.00
Dec	50.95	51.40	51.75	50.30
Mar	52.80	53.10	53.45	52.15
May	56.80	57.15	57.40	56.20
Jul	58.65	58.95	59.10	58.25
Sep	60.35	60.70	61.00	60.30
Dec	63.45	63.75	63.95	63.25

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	21.88	21.93	21.99	21.87
Nov	21.83	21.80	21.84	21.74
Dec	21.71	21.69	21.71	21.62
Jan	21.59	21.58	21.60	21.52
Feb	21.46	21.46	21.46	21.40
Mar	21.34	21.35	21.37	21.27
Apr	21.20	21.24	21.20	21.20
May	21.05	21.13	21.07	21.07
Jun	21.03	21.03	21.03	21.01
Jul	20.88	20.93	20.93	20.88

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	6256	6222	6265	6210
Nov	6350	6316	6355	6315
Dec	6440	6422	6450	6410
Jan	6475	6456	6480	6460
Feb	6370	6359	6370	6350
Mar	6130	6124	6130	6110
Apr	5910	5914	5890	5890
May	5760	5764	5760	5760
Jun	5674	5674	0	0
Jul	5645	5654	5645	5645

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1007	1029	1022	1006
Dec	1043	1065	1062	1027
Mar	1097	1121	1112	1087
May	1128	1152	1135	1120
Jul	1154	1177	1166	1142
Sep	1183	1212	1192	1172
Dec	1218	1242	1236	1197
Mar	1256	1283	0	0
May	1281	1307	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.60	9.64	9.70	9.58
Mar	9.14	9.16	9.22	9.14
May	9.11	9.16	9.18	9.11
Jul	9.10	9.13	9.16	9.10
Oct	9.05	9.02	9.12	9.04

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	56.83	54.43	57.00	55.86
Dec	54.73	55.10	55.10	54.05
Mar	55.53	55.60	55.85	54.75
May	56.10	57.18	56.40	55.40
Jul	56.45	57.84	56.80	56.15

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	117.50	119.85	119.70	117.50
Nov	114.05	117.20	117.90	113.80
Jan	113.60	116.25	117.50	113.50
Mar	114.00	116.55	117.90	114.00
May	114.60	117.25	117.00	114.50
Jul	114.10	116.75	116.50	116.50
Sep	114.10	116.75	116.50	116.50
Nov	114.10	116.75	0	0
Jan	114.10	116.75	117.00	117.00

SPICES

Pimento Jamaica lowered its official prices for pimento to usd 1900 per mt, fob Kingston reports Man Producten. Decreasing almost usd 400 per tonne hoping to be more competitive to Mexican, Honduran and Guatemalan pimento. Quotes here in the market usd 2325-2300 for spot Jamaica and shipment usd 2235 cif terms. Mexico is offered between usd 1550 and 1500 cif terms, spot nothing available. Madagascan cinnamon quotes between FFr6,50 and FFr5,75 cif terms. Cloves and nutmegs/mace maintain weak undertone. Indian cochin ginger firm on shipment. Nigerian available at usd 650 spot Rotterdam.

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	558/0	562/2	560/4	553/4
Nov	549/6	554/4	552/6	548/6
Jan	556/6	561/4	559/8	552/6
Mar	564/6	570/2	567/4	561/0
May	571/6	577/0	575/0	569/0
Jul	578/0	583/4	581/4	575/0
Aug	579/4	584/0	582/4	577/0
Sep	574/4	577/4	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	18.80	18.86	18.89	18.68
Oct	18.87	18.91	18.94	18.73
Dec	19.17	19.22	19.24	19.01
Jan	19.34	19.35	19.36	19.20
Mar	19.60	19.64	19.69	19.46
May	19.85	19.92	19.93	19.72
Jul	20.08	20.14	20.17	19.96
Aug	20.22	20.23	20.25	20.10

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	172.3	175.7	175.0	171.5
Oct	190.6	192.5	192.0	189.5
Dec	190.3	192.2	191.8	189.2
Jan	189.5	191.8	191.2	189.0
Mar	189.3	190.9	190.5	188.7
May	188.7	190.7	190.0	188.5
Jul	190.2	192.0	191.5	189.9
Aug	191.0	192.8	191.5	191.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	224/2	223/6	225/0	221/6
Dec	218/6	218/6	220/6	216/6
Mar	227/0	227/0	229/0	225/0
May	233/2	233/2	234/6	231/4
Jul	237/4	237/4	239/0	235/6
Sep	237/4	237/6	238/4	237/0
Dec	241/0	241/2	241/6	240/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	321/2	327/0	324/0	319/0
Dec	333/2	339/0	336/6	330/4
Mar	340/2	346/4	343/0	337/0
May	336/0	340/6	337/4	333/6
Jul	317/2	320/6	320/4	315/4
Sep	322/0	325/4	0	0
Dec	334/0	335/0	335/0	334/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	75.475	75.675	75.775	75.300
Dec	73.250	73.575	73.650	73.025
Feb	72.225	72.525	72.575	72.125
Apr	73.225	73.375	73.450	73.000
Jun	70.150	70.325	70.400	70.100
Aug	68.750	68.900	69.000	68.750
Oct	68.925	69.125	69.250	68.925

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	40.425	41.575	41.175	40.300
Dec	41.775	42.175	41.950	41.400
Feb	40.525	40.900	40.700	40.300
Apr	38.650	39.050	38.950	38.625
Jun	44.225	44.425	44.300	44.125
Jul	44.200	44.425	44.300	44.100
Aug	43.150	43.400	43.300	43.075
Oct	40.250	40.500	40.400	40.175

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	40.525	41.600	41.600	40.475
Mar	40.450	41.400	41.750	40.400
May	41.950	42.800	42.850	41.900
Jul	42.150	43.050	42.650	42.000
Aug	41.650	42.550	0	41.600

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

EMS unaffected by dollar rise

BOTH sterling and the Italian lira remained under intense pressure in the European monetary system yesterday despite a strong recovery by the US dollar against the D-Mark, *writes James Blitz.*

In an erratic day of trading, the dollar rose nearly 4 pfennigs against the German currency. On previous occasions, the selling of D-Marks for dollars has helped to ease strains in the EMS. But yesterday the lira refused to move off its ERM floor against the D-Mark of L765.4 for long, despite huge intervention on its behalf from the Bundesbank and the Bank of Italy which bought lire for D-Marks. Sterling retained its beleaguered image, closing a ¼ pfennig up on the day at DM2.7900.

The European currencies failed to respond to the dollar's rise partly because it was not firmly underpinned. There was no significant indicator pushing the US currency up, but it closed at DM1.4500 in London.

Dealers had a pot pourri of reasons for buying dollars yesterday. One operator was guided by a Japanese report that finance ministers of the Group of Seven leading industrial nations would beef up their policy on central bank intervention when they meet next weekend. Mr Julian Simmonds, head of foreign currency at Citibank, also said that there were increasing signs that the Bundesbank would have to ease monetary policy before the year's end. "But I wouldn't be so bold as to say that the dollar is on the way up again," he added.

One week before the French referendum, EMS currencies would probably not have rallied against the D-Mark in any event. There is profound uncertainty in the market about the future of the European cross rates. Trading remains thin, and most operators are unwilling to keep positions open for long.

One sample of the volatility in Europe was the performance of the Finnish markka yesterday morning, which gained nearly 3 per cent in value against the D-Mark on very thin trading, despite this week's devaluation. "It just shows how fickle the markets are," said Mr Mark Slater, Director of Foreign Exchange at Merrill Lynch in London.

Both the Bundesbank and the Bank of Italy spent billions of D-Marks yesterday trying to push the Italian lira off its ERM floor against the D-Mark. As usual, the currency came under intense pressure at the weekend because of fears of devaluation.

Dealers said that the Bundesbank's obligation to buy the lira on its floor made it the victim of a lucrative ERM arbitrage play. Operators yesterday bought the Italian currency when it dropped below the official ERM floor. They then called the Bundesbank to sell the lira at a guaranteed profit at the ERM floor of L765.4.

£ IN NEW YORK

Sep.11	Latest	Previous Close
£ Spot	1.9190-1.9200	1.9575-1.9585
1 month	1.15-1.13pm	1.15-1.13pm
3 months	3.53-3.50pm	3.53-3.50pm
12 months	13.1-13.0pm	13.1-13.0pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep.11	Previous
8.30 am	91.7	91.9
9.00 am	91.7	92.0
10.00 am	91.7	91.9
11.00 am	91.6	92.0
Noon	91.6	92.0
1.00 pm	91.6	91.9
2.00 pm	91.5	92.0
3.00 pm	91.5	92.0
4.00 pm	91.5	92.1

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 11	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	131.693	-1.45	5.86	84
D-Mark	2.05586	2.02724	-1.39	5.80	56
Belgian Franc	42.4032	41.8237	-1.37	5.77	41
Dutch Guilder	2.31643	2.28543	-1.34	5.74	40
Portuguese Escudo	178.735	177.540	-0.67	5.03	10
Irish Punt	0.767417	0.764429	-0.39	4.73	-6
Danish Krone	7.84195	7.84680	0.06	4.26	-27
French Franc	6.89509	[illegible]	0.08	4.24	-83
Italian Lira	1538.24	1551.62	0.87	3.42	-38
Sterling	0.696904	0.727030	4.32	0.00	-84

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Sep 11	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9190 - 1.9525	1.9235 - 1.9245	1.15-1.13cpm	7.11	3.50-3.47pm	7.25
Canada	2.3500 - 2.3960	2.3505 - 2.3515	1.04-0.98cpm	5.16	3.05-2.95pm	5.10
Netherlands	3.1250 - 3.1625	3.1400 - 3.1500	¼-parcpm	0.24	⅛-⅛pm	0.56
Belgium	57.25 - 57.85	57.50 - 57.60	5-parcpm	0.52	13-8pm	0.73
Denmark	10.7250 - 10.8500	10.7750 - 10.7850	⅛-1⅛oredis	-1.18	2-3½dis	-1.00
Ireland	1.0430 - 1.0550	1.0510 - 1.0520	0.05-0.02cpm	0.40	0.11-0.05pm	0.30
Germany	2.7825 - 2.7950	2.7875 - 2.7925	⅛-parpfpm	0.27	⅛-⅛pm	0.72
Portugal	243.00 - 245.75	243.50 - 244.50	180-210cdis	-9.59	340-245dis	-4.80
Spain	180.25 - 182.10	180.95 - 181.25	47-54cdis	-3.35	151-163dis	-3.47
Italy	2122.00 - 2147.75	2134.75 - 2135.75	26-40liredis	-18.55	53-73dis	-11.80

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9240	1.9126	1.8892	1.8554	1.7945
D-mark	2.7900	2.7888	2.7842	2.7763	2.7593
French Fr.	9.4950	9.4860	9.4805	9.4310	9.3540
Swiss Fr.	2.4775	2.4722	2.4602	2.4423	2.4073
Yen	239.00	237.77	235.10	231.01	223.56

EXCHANGE CROSS RATES

Sep.11	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.924	2.790	239.0	9.495	2.477	3.145	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.520	1	1.450	124.2	4.935	1.287	1.635	1110	1.222	29.91	94.13	0.715
DM	[illegible]	[illegible]	1	85.66	3.403	0.888	1.127	765.2	0.843	20.63	64.91	0.493
YEN	4.184	8.050	11.67	1000.	39.73	10.36	13.16	8933	9.837	240.8	757.7	5.753
F Fr.	1.053	2.026	2.938	251.7	10.	2.609	3.312	2249	2.476	60.61	190.7	1.448
S Fr.	0.404	0.777	1.126	96.49	3.833	1	1.270	861.9	0.949	23.23	73.11	0.555
N Fl.	[illegible]	[illegible]	0.887	75.99	3.019	0.788	1	678.9	0.748	18.30	57.58	0.437
Lira	0.468	0.901	1.307	111.9	4.447	1.160	1.473	1000.	1.101	26.96	84.82	0.644
C $	0.425	0.818	1.187	101.7	4.039	1.054	1.338	908.1	1	24.48	77.03	0.585
B Fr.	1.738	3.343	4.848	415.3	16.50	4.304	5.465	3710	4.085	100.	314.7	2.389
Pta	0.552	1.062	1.541	132.0	5.243	1.368	1.737	1179	1.298	31.78	100.	0.759
Ecu	0.727	1.399	2.029	173.8	6.905	1.801	2.287	1553	1.710	41.88	131.7	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

Futures dip again

STERLING futures dipped again yesterday as a new wave of nervousness hit the market in the run up to next Sunday's French referendum on the Maastricht treaty.

Dealers continued to be worried about sterling's poor performance on the foreign exchanges and the possibility that the UK government will have to defend the currency with an interest rate rise. Few will have wanted to leave themselves exposed before the weekend, which brings fears of currency realignments and dramatic headlines in the Sunday press.

Futures prices were affected by the slightest rumour. One clearing bank dealer said that the December contract lost 3 basis points after a news agency report suggested that the Bank of Spain was not averse to a devaluation of the peseta – a suggestion that could not be substantiated.

Other dealers claimed that the December contract was being heavily sold by a single bank dealer, and that nobody in the market could work out what his strategy was.

By the day's end, the December contract had closed 13 basis points down from its previous opening at 89.22. The September contract, which expires next week, closed 12 basis points below its opening level at 89.38. Both prices discount a ½ percentage point rise in base rates, at least.

Rates in the sterling cash market remained firm, even though the Bank of England's £950m shortage was nearly all removed in the early round. Three-month money again closed at 10⅝ per cent on the offered side, while the 1 month rate remained at 10¼ per cent.

One dealer said that the clearing banks would be able to live with 1 month money up to ½ a per cent higher than base rates, as long the overnight rate remained soft. Yesterday, overnight money fell as low as 8½ per cent following the Bank's early assistance. The Bank could come under pressure to raise base rates if the 1 month rate goes higher next week.

In early operations, the Bank purchased £408m of Band 1 bank bills at 9⅞ per cent, £51m of Band 3 bank bills at 9¾ per cent, £5m of Band 4 Treasury bills and £90m of Band 4 bank bills at 9{11/16} per cent and £353m for resale to the market at 9{11/16} per cent.

The forecast was later revised to £1.25bn and there was late assistance of £100m.

UK clearing bank base lending rate 10 per cent from May 5, 1992

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep.11)	3 months US dollars		6 months US Dollars	
	bid 3⅛	offer 3¼	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.97	Three year	4.36
Broker loan rate	5	Two month	3.06	Five year	5.33
Fed.funds	2⅞	Three month	2.97	Seven year	5.87
Fed.funds at intervention	-	Six month	3.03	10-year	6.35
		One year	3.17	30-year	7.28
		Two year	3.85		

Sep.11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.65-9.75	9.70-9.80	9.70-9.80	9.75-9.85	9.75-9.85	9.75
Paris	9¾-10	10{3/16}-10{5/16}	10{3/16}-10{5/16}	10¼-10½	10¼-10½	9.60
Zurich	7½-7¾	7½-7¾	-	7½-7¾	-	-
Amsterdam	9.62-9.75	9.75-9.85	-	9.75-9.85	-	-
Tokyo	4⅛-4⅛	4⅛-4⅛	-	4⅛-4⅛	-	-
Milan	17½-18	27⅛-27{11/16}	-	20⅜-21{11/16}	-	-
Brussels	9¼-9¾	9{11/16}-9{13/16}	-	9¼-9¾	-	-
Dublin	9{15/16}-10¼	10{1/16}-10{3/16}	10½-10⅝	10⅝-10¾	10⅝-10¾	-

LONDON MONEY RATES

Sep 11	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11	9⅞	10⅜	10⅝	10¾	10{13/16}
Interbank Bid	8½	9⅝	10{3/16}	10½	10⅝	10{11/16}
Sterling CDs	-	-	10⅛	10{7/16}	10½	10½
Local Authority Deps.	9¾	9⅝	10¼	10{7/16}	10⅝	10{11/16}
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	9⅞	9⅝	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	10⅛	10⅝	10⅞	10⅝
Treasury Bills (Buy)	-	-	9{15/16}	9⅞	9⅞	-
Bank Bills (Buy)	-	-	9{15/16}	9{15/16}	10	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.04	3.08	3.10	3.18
SDR Linked Dep. Offer	-	-	6¼	6½	6½	6⅝
SDR Linked Dep. Bid	-	-	6	6½	6½	6½
ECU Linked Dep. Offer	-	-	11⅝	11⅝	11½	11¼
ECU Linked Dep. Bid	-	-	11{7/16}	11{7/16}	11{5/16}	11{1/16}

Treasury Bills (sell); one-month 9{13/16} per cent; three months 9{13/16} per cent; six months 9{13/16} per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9{13/16} per cent. Treasury Bills; Average tender rate of discount 9.6665. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1992. Agreed rates for period Sep 23, 1992 to October 25, 1992, Scheme I: 11.38 p.c. Schemes II & III: 11.66 p.c. Reference rate for period August 1, 1992 to August 28, 1992, Scheme IV&V: 10.379 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from September 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6). Deposit £100,000 and over held under one month 6½ per cent; one-three months 9 per cent, three-six months 9 per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent, Under £100,000 7 per cent from May 6, 1992. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

US TREASURY BONDS 8% * $100,000 32nds of 100%

	Close	High	Low	Prev
Sep	107-13	108-00	107-14	107-18
Dec	106-06	106-31	106-06	106-13

Estimated volume 2503 (337)
Previous day's open int. 1441 (1460)

6% NOTIONAL GERMAN GOVT. BOND * DM250,000 100ths of 100%

	Close	High	Low	Prev
Dec	89.29	89.56	89.25	89.36
Mar	89.82	89.95	89.83	89.88

Estimated volume 55210 (58496)
Previous day's open int. 141652 (138849)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Dec	105.92	106.02	105.81
Mar	105.48		

Estimated volume 1147 (409)
Traded exclusively on APT

9% NOTIONAL ECU BOND ECU 200,000 100ths of 100%

Estimated volume 0 (0)
Previous day's open int. 0 (0)

12% NOTIONAL ITALIAN GOVT. BOND (BTP) * LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Dec	91.86	92.43	91.45	92.20
Mar	92.86	92.90	92.80	92.90

Estimated volume 17167 (16607)
Previous day's open int. 29062 (27830)

THREE MONTH STERLING * £500,000 points of 100%

	Close	High	Low	Prev.
Sep	89.30	89.50	89.30	89.45
Dec	89.13	89.38	89.11	89.30
Mar	89.63	89.84	89.62	89.78

Estimated volume 14577 (10990)
Previous day's open int. 49585 (48744)

* Contracts traded on APT. Closing prices shown.

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
105	2.69	-	-	0.71	-	-
106	1.89	-	-	0.95	-	-
107	1.33	1.86	-	1.35	1.47	-
108	0.80	1.32	-	1.87	-	-
109	0.49	0.93	-	-	-	-
Open Int.	304,401	66,668	-	180,624	45,994	1,300

Estimated volume 67,096 † Total Open Interest 598,887
† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9240	1.9126	1.8892	1.8554	1.7945

BANK RETURN

BANKING DEPARTMENT	Wednesday September 9, 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	89,111,650	-	13,903,084
Bankers Deposits	1,446,881,485	+	7,845,333
Reserve and other Accounts	4,255,965,170	+	895,796,031
	5,804,521,305	+	889,738,280
ASSETS			
Government Securities	1,294,871,175	+	99,815,000
Advance and other Accounts	1,838,566,706	-	448,791,615
Premises Equipment & other Secs	2,665,318,433	+	1,238,453,596
Notes	5,458,954	+	281,397
Coin	210,035	-	20,098
	5,804,521,305	+	889,738,280
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,304,543,046	-	350,281,397
Notes in Banking Department	5,456,954	+	281,397
	16,310,000,000	-	350,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	10,616,521,598	+	209,840,082
Other Securities	5,682,463,302	-	559,840,082
	16,310,000,000	-	350,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10		
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tallsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. Φ Bargains done the previous day.

British Funds, etc

No of bargains included 1954

Treasury 13¾% Stk 2000/03 - £121⅞
Exchequer 10½% Stk 2005 - £109⅝ (9Se92)
Guaranteed Export Finance Corp PLC 11¾% Gtd Nts 1994 (Br - £101
12¾% Gtd Ln Stk 2002(Reg) - £118⅝ 9

Corporation and County Stocks

No of bargains included nil

Reading Corp3½% Stk - £33 (4Se92)
Swansea(City of)13¾% Red Stk 2006 - £121¼ (7Se92)

UK Public Boards

No. of bargains included 3

Agricultural Mortgage Corp PLC5½% Deb Stk 93/95 - £89
6¾% Deb Stk 92/94 - £92½ (8Se92)
7¾% Deb Stk 91/93 - £97 (9Se92)
10¼% Deb Stk 92/95 - £98⅞
Scottish Agric Sec Corp7¾% Deb Stk 90/92 - £99⅞ (8Se92)

Commonwealth-Government

No. of bargains included nil

Jersey Electricity Co Ld6% Gtd Stk 2000 - £94 (8Se92)

Foreign Stocks, Bonds, etc-(coupons payable in London)

No of bargains included 130

A M.P.(U.K.) PLC13% Bds 2015 (Br £5000&100000) - £121⅞
Abbey National Sterling Capital PLC11½% Subord Gtd Bds 2017 - £108⅝
Allied-Lyons PLC10⅝% Bds 1999(Br£5000&100000) - £100⅞ (7Se92)
Anglian Water PLC12% Bds 2014 (Br £10000&100000) - £117⅞

Rolls-Royce PLC11⅞% Nts 1998 (Br £1000&10000) - £103⅞ (7Se92)
Royal Bank of Scotland PLC10⅝% Subord Bds 1998 (Br£5000&25000) - £101 (8Se92)
Sainsbury (J)(Channel Islands)Ld 8¼%CnvCapBds 2005(Br - £140⅞
Severn Trent PLC11⅝% Bds 1999 (Br £5000&100000) - £104⅞ (8Se92)
Skandia Capital AB11% Gtd Nts 1996 - £99 ¾ ⅞
Slough Estates PLC10% Bds 2007 - £86⅞
11⅞% Bds 2012 (Br £ Var)(25% Pdy Pd) - £23½
6% Cnv Bds 2003 - £114 (9Se92)
Smith & Nephew Finance N.V.8¾% Gtd Red Cnv Prf 2004 (Br) - £114¾
South West Water PLC10⅞% Bds 2012 (Br £10000&100000) - £104⅞ ⅞
Southern Electric PLC10¾% Bds 2002 (Br £Var) - £101¼ (8Se92)
Svensk Exportkredit AB12% Nts 1994 - £102
Sweden(Kingdom of)9½% Bds 1997 - £97½ (9Se92)
10⅞% Bds 1992(Br$5000&50000) - £100⅞ .425
TSB Group PLC12% Subord Bds 2011 (Br £10000&100000) - £110⅞ (4Se92)
Tarmac Finance (Jersey) Ld9½% Cnv Cap Bds 2006 (Reg £1000) - £74½ 5
9½% Cnv Cap Bds 2006(Br £5000&50000) - £73½ 4½ 5
Tesco PLC10⅞% Bds 2002 (Br £Var) - £100
Tesco Capital Ld9% Cnv Cap Bds 2005(Reg £1) - £108½ 9½
9% Cnv Cap Bds 2005(Br£5000&10000) - £107½ 8½ 9½
Thames Water PLC9½% CnvSubordBds 2006(Br£5000&50000) - £117⅞ 8⅞
Thames Water Utilities Finance PLC10½% Gtd Bds 2001 - £102⅞
THORN EMI Capital NV5¾% Gtd Red Cnv Prf 2004 (Br£5000) - £121
3i Group PLC10⅞% Gtd Bds 2001(Br£1000&10000) - £101⅞ (7Se92)
11¼% Gtd Bds 1995 (Br £1000&10000) - £101½

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Investment Trusts

USM Appendix

Rule 535(2)

Miscellaneous Warrants

No. of bargains included 2

Barclays De Zoete Wedd Wts Ld A PutWtsRitgto FT-SE 100 Index 25/9/92 - £0.09 (7Se92)
B PutWtsRitgto FT-SE 100 Index

Wadworth & Co9½% Cum Prf £1 - £9 9 (4Se92)
Westable Ld"A" Non.V Ord 25p - £11 3

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. *Quotation has not been granted in* London and dealings are not recorded in the Official List.

Bukit Sembawang S$6.872
City Developments S$3.458 (7/9)
Dainippon Screen Manufacturing Y681.44 (9/9)
Harland (John H) Co $22.875 (4/9)
National Electronics Hldgs 3.0 (8/9)
Oil Search A$0.72
Samantha Holdings Berhad A$L.12
Storer Communications SKr195.8
Valiant Consolidated A$0.149 (8/9)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Strong gains in dollar-earning stocks

By Terry Byland
UK Stock Market Editor

Account Dealing Dates		
*First Dealings: Aug 24	Sep 7	Sep 21
Option Declarations: Sep 3	Sep 17	Oct 1
Last Dealings: Sep 4	Sep 18	Oct 2
Account Day: Sep 14	Sep 28	Oct 12

*New time dealings may take place from 8.30 am two business days earlier.

STRENGTH IN the US dollar boosted the big overseas earning stocks in London yesterday, counter-balancing a more cautious response to sterling's performance against the D-mark. The strongly-worded rejection from the UK prime minister of suggestions of realignment of the pound in the European exchange rate mechanism calmed recent uncertainties.

Domestic issues, including many leading retailers, found encouragement from the latest UK inflation statistics, showing an annualised increase of only 3.6 per cent, the lowest for four years. By the close, the FT-SE Index was more than 30 points higher, although traders warned that confidence remained fragile.

Traders appeared surprised at yesterday's further advance in the Footsie Index, which brought a closing level of 2,370.9, up 30.3 on the day. The gain reversed what had been a loss over the week to show a net gain of 8.7 points since last Friday's close. Dealers under strict orders not to leave share positions open in these treacherous markets hurried to buy stock when the market moved forward yesterday.

Equities opened firmly against the D-Mark but soon lost impetus when the pound failed to maintain its initial response to the uncompromising defence of sterling's role in the ERM by Mr John Major, the British prime minster, who said any realignment of sterling's parity would be "a betrayal of our future."

But other considerations were brushed aside in equities by powerful rises in the big dollar-orientated issues, including the oils, pharmaceuticals and international traders. With Glaxo, British Petroleum, Shell, Wellcome and SmithKline Beecham all higher in good turnover, the Footsie Index quickly extended its early gain of 6 points to 32.8.

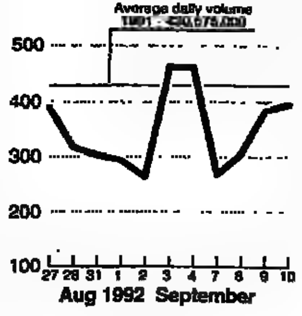
While the UK Retail Price index was a little better than expected, the favourable response from consumer stocks was unexpected in view of this week's negative survey of the retail outlook from the Confederation of British Industry.

Trading volum increased after Wall Street opened its new session with a gain of 7 Dow points. Seaq-recorded volume finally totalled 476.8m shares, just behind the 485.6m recorded on the previous day. However, there were renewed hints that low trading volume is hurting City firms; Thursday's retail business was worth only £900.9m, still on the low side for market profitability.

● Retail turnover has remained painfully low, even by comparison with the unprofitable levels of the comparable period of 1991.

London SE volume

Turnover by volume (million)



FINANCIAL TIMES STOCK INDICES

	Sept 11	Sept 10	Sept 9	Sept 8	Sept 7	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.83	88.91	88.53	88.98	89.46	87.01	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	105.46	105.36	104.90	105.34	105.50	95.86	106.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share●	1729.9	1707.4	1696.7	1710.6	1733.4	2068.1	2148.7 (22/5)	1670.0 (1/9)	2149.7 (22/5/92)	[illegible] (26/6/40)
Gold Mines	68.0	65.0	66.6	68.6	72.9	160.2	160.6 (10/1)	65.0 (10/9)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2370.9	2340.6	2327.5	2337.7	2372.2	2626.6	2737.6 (11/5)	2281.0 (25/8)	2737.6 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1076.33	1067.55	1059.86	1066.61	1074.64	1178.65	1248.79 (11/5)	1029.56 (25/8)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord. Div. Yield	5.17	5.22	5.23	5.21	5.13	4.63				
●Earning Yld %(full)	[illegible]	7.51	7.57	7.57	7.45	7.49				
●P/E Ratio(Net)(☆)	15.79	16.86	16.63	16.69	16.96	16.67				
SEAQ Bargns 5.00pm	18,412	16,387	15,399	15,282	15,106	27,593				
Equity Turnover(£m)†	-	900.9	761.7	628.2	536.4	[illegible]				
Equity Bargains†	-	18,942	18,548	15,782	17,558	27,665				
Shares Traded (ml)†	-	396.0	387.5	307.5	268.1	352.4				

Basis 100 Govt Secs 15/10/26, Fixed Int 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 ☆ Nil 15.79

Ordinary Share Index, Hourly changes Day's High 1730.9 Day's Low 1709.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1717.3	1713.0	1709.8	1711.8	1716.5	1724.8	1727.2	1724.7	1730.9

FT-SE 100, Hourly changes Day's High 2373.4 Day's Low 2346.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2357.5	2351.1	2346.6	2349.1	2356.9	2366.9	2371.2	2367.8	2373.4

FT-SE Eurotrack 200, Hourly changes Day's High 1076.33 Day's Low 1066.25

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1068.70	1068.01	1065.81	1070.11	1072.82	1074.95	1073.87

GILT EDGED ACTIVITY

Indices*	Sept 10	Sept 9
Gilt Edged Bargains	85.0	89.6
5 – Day average	92.8	99.6

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index Tel. 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Tesco line placed

FOOD retailer Tesco had one of the busiest sessions in recent weeks after Hoare Govett, the London securities house, placed the large line of stock which has been hanging over the market for some time.

Hoare placed the block of 5m shares with institutions at around 208p. The share price at first eased a penny on the placing but rallied to close 3 up at 211p on suggestions that Tesco might have been a beneficiary from switching out of rival Argyll Group, whose shares fell 7 to 325p. Turnover in Tesco reached 15m, just shy of the year's highest daily total. Argyll traded 3.3m.

Food group rallies

Food manufacturing group United Biscuits had a volatile but busy session after reporting interim figures below market expectations and issuing a warning over profits for the full year.

The shares fell sharply in early trading on the news of profits of £70m, down from £84.4m, and compared with market expectations of around £75m; it also warned that profits will be lower at the year-end. At the day's worst the shares were down 13 at 222p.

However an optimistic meeting with analysts at which confidence in a maintained final dividend was restored, coupled with renewed bid speculation, caused a turnaround in the shares mid-morning. They closed up 24 at to 259p on the highest daily turnover this year of 9.6m shares.

Smith New Court reduced its full year forecast by £25m to £170m but classed the shares on a 'short term buy,' suggesting they had been oversold and now offered an attractive yield. Nomura also trimmed its forecast, reducing its profit estimate from £186m to £170.5m.

Arjo Wiggins weak

Arjo Wiggins, the paper manufacturing and distribution group, was one of the worst performers among the Footsie constituents. The shares retreated a further 8 to 180p, the lowest level since January 1981; turnover was a hefty 2.2m shares.

Dealers attributed the decline to nervousness ahead of the interim figures due next Tuesday. The group posted profits of £135.5m in the first half last year but several analysts expect pre-tax profits to dip below £100m this time.

The big dollar earners powered ahead as the US currency appreciated against other currencies. Glaxo, also helped by a good Press response to its preliminary results, jumped 21½ to 767½p, having touched 778p; turnover reached a hefty 5.5m shares. SmithKline Beecham moved up 9 to 489p on 3m, while Wellcome advanced 21 to 869p. Reuter put on 21 to 1117p.

The oil sector, whose earnings stream is almost entirely priced in dollars, was among the market's best performers as the US currency surged higher against all the major currencies.

Additionally boosted by the dividend increase announced on Thursday afternoon, Shell improved a further 7 to 474p on 3.4m while BP, bought aggressively by US investors, jumped 5½ to 197½p on 9.2m.

Enterprise Oil, back in favour after delivering better than expected interim numbers earlier in the week, pushed up 11 more to 328p on good turnover of 2.9m while a single trade of 1.9m Lasmo at 125½p early in the session triggered some big activity in the shares which settled 2 up at 126p.

Burmah Castrol, a strong market since the increased interim dividend at the start of the month, marked their re-election-entry to the list of Footsie constituents with a jump of 12 to 585p.

Bank shares, despite their recent good performances relative to the market, were among the front runners as dealers, thought to be running short books, hoisted prices to try to tempt sellers into the market.

Dealers said institutions had focussed on "safe" areas of the market and settled on the clearing banks as offering good yields and safe dividends.

Barclays attracted the heaviest turnover and 14 higher at 314p with 6m traded. Lloyds, given an additional boost by a "buy" recommendation published by BZW, raced up 13 to 411p on 2.6m. The broker highlighted the probability that Lloyds would be able to pay above average dividend increases and still increase its net assets at well above the rate of inflation this year and next.

NatWest gained 11 to 330p on 2.3m, while TSB put on 4 to 131p on 3.4m. Abbey National added 5 at 270p albeit in relatively thin trading of less than 1m. First National Finance tumbled just before the close, sliding 5 to 17p.

Insurances attracted sustained support, with Commercial Union (up 17 at 492p) and General Accident (8 higher at 448p) prominent in the composites. Prudential, one of the best performers among the Footsie after excellent interim announced in midweek, added 4 more at 249p. Legal & General jumped 7 to 315p with the market expecting the group to reveal interim profits in the region of £75m next Thursday but still concerned about potential losses in the domestic mortgage indemnity market.

Willis Corroon, to be removed from the Footsie list next month, received a substantial boost from the upsurge in the dollar, closing 9 firmer at 165p.

Turnover in British Steel rose to 23m shares as the shares improved 2 to 51¼p, boosted by US buying.

Demand for the stock from the US remains buoyant and a group of US analysts is at present in the UK visiting the company. The number of shares in the hands of US investors is now estimated to be around 21 per cent of total equity.

Hopes of an early agreement on a new five year coal supply contract continued to drive shares of the generators higher. National Power added 4 more at 281p and PowerGen 3 to 273p.

Kalon, the paint manufacturer which recently lost out in its bid to gain control of Manders, dropped 4 to 79½p despite a denial of market rumours of lost contracts.

The building materials/contracting sectors put on a brave performance, after a week in which some of the sector leaders announced big losses and dividend cuts. The sector was also hit by downgrades and sell recommendations. Tarmac, after big cuts in its bricks division, rose 3 to 59p.

Investors took on board advise from County NatWest to switch out of Granada Group and into Thorn EMI. The former shed 3 to 237p, as the latter firmed 2 to 671p.

Brewers experienced a bumpy ride. Guinness shed 6 to 517p, on talk of a planned acquisition and a profits downgrade from the company's broker Cazennove. Volume reached 4.2m.

Allied Lyons was also out of favour after two securities houses cut their forecasts. Lehman Brothers reduced the current year figure by £32m to £660m, and the following year's by £65m to £725m blaming current weakness of the economy in both the UK and the US and the weaker dollar for the cut. The shares ended a penny lower at 550p, after turnover of 2.5m.

MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,

■ Other market statistics, Page 13

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (15).

BRITISH FUNDS (1) Treasury 9pc 2012 A, **AMERICANS** (2) Hasbro, Varity, **BANKS** (1) Dai Ichi, **BUSINESS SERVICES** (1) Penna, **FOOD MANUFACTURING** (2) Nestle Br., Do. Reg., **HEALTH & HOUSEHOLD** (1) SmKl. Beecham A, **INSURANCE COMPOSITE** (1) FBO, **INSURANCE LIFE** (1) Torchmark, **INVESTMENT TRUSTS** (1) River Plate Zero Div. Pf., **MISCELLANEOUS** (1) Bluebird Toys, **OTHER FINANCIAL** (1) Sterling Trust.

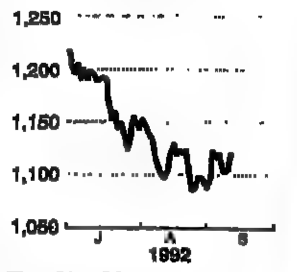
NEW LOWS (130).

BRITISH FUNDS (1) Treasury 2½pc I-L 2001, **CANADIANS** (1) Can Pacific, **BREWERS & DISTILLERS** (3) Allied-Lyons, Fosters, Highland, **BUILDING MATERIALS** (7) Br.Dredging, CRH, Cape, Do. 8.4pc Pf., Kalon, Marley, Newman-Tonks, **BUSINESS SERVICES** (1) Johnson Cleaners, **CHEMICALS** (1) Harcros 7pc Pf., **CONGLOMERATES** (4) Amer Free A, Bibby, *Moslac Invs.*, Tollgate, **CONTRACTING & CONSTRUCTION** (4) Allen, BB & EA, Jackson, McAlpine, **ELECTRICALS** (5) Beales Hunter, Dale El., Delta, Emess, Nokia Pf., **ELECTRONICS** (4) Indl Control Servs, Kewill Systs, Logica, P & P, **ENGINEERING GENERAL** (3) Babcock, Bridon, Wilkes, **FOOD MANUFACTURING** (4) Cadbury, Carr's Milling, Unigate, Utd Biscuits, **FOOD RETAILING** (2) Tesco, Thorntons, **HEALTH & HOUSEHOLD** (4) Community Hospitals, Huntingdon, Nestor-BNA, Swallowfield, **HOTELS & LEISURE** (7) Castle Comms., Hi-Tec Sports, Queens Moat Hses, Rank, Savoy A, Wembley, Zetters, **INSURANCE BROKERS** (1) Oriel, **INSURANCE COMPOSITE** (2) Baltica, Topdanmark, **INSURANCE LIFE** (1) Lon & Manchester, **INVESTMENT TRUSTS** (28) [illegible] Smllr, Do. Warrants, Baring Stratton, Brazilian, CU Environmental, City Merchants High Yield, Exeter Prfd Cap, Exmoor Dual, Finsbury, First Ireland Warrants, Fleming Far Eastern, Fulcrum Inc., Govett Oriental, Grahams Rintoul, Henderson Highland Warrants, I & S UK Smllr Co's., Jersey Phoenix, Kleinwort Smllr, Lloyds Smllr Co's Cap, Do. Package Units, Lon & Strathclyde, Lon Atlantic, M & G Recovery Zero Div Pf., Malaysian Emerging Co's. Fd., Moorgate Smllr Co's., Do Warrants, Murray Ventures, Throgmorton, Thornton Asian Em. Mkts. Warrants, **MEDIA** (4) Black (A & C), Flextech, Princedale, Sunset & Vine, **MERCHANT BANKS** (1) Close Bros., **METAL & METAL FORMING** (4) Apollo Metals, Ash & Lacy, Sycamore, Thyssen, **MISCELLANEOUS** (4) *SLP, Sinclair, Stag Furn, Walker Greenbank*, **MOTORS** (2) Appleyard, Vardy, **OIL & GAS** (2) Aberdeen Pet., Brabant Res., **OTHER FINANCIAL** (2) First Natl. Fin, St. James's Place Cap., **OTHER INDUSTRIAL MATERIALS** (2) Kelsey Inds., Tex, **PACKAGING, PAPER & PRINTING** (3) Arjo Wiggins, Enso-Gutzeit, Tinsley Robor, **PROPERTY** (3) Bilton, Ests & Gen. 8pc Pf., Palmerston, **STORES** (10) Alexon, Austin Reed, Beattie A, Bentalls, Church, Kleen-E-Ze, Liberty, Do. Non-Vtg., Oliver, Owen & Robinson, **TEXTILES** (4) Castle Mill, Ingham, Martin (A), Tomkinsons, **TRANSPORT** (2) IoM Steam, Tiphook, **SOUTH AFRICANS** (1) Gold Fields Prop., **MINES** (2) Beatrix Mines, Elandsrand.

RISES AND FALLS YESTERDAY

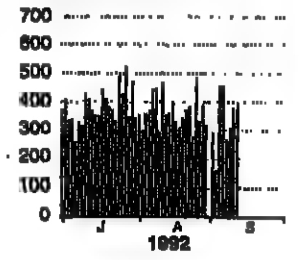
	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	7	54	14	109	225	41
Other Fixed Interest	0	12	3	23	34	18
Commercial, Industrial	304	232	887	1,109	1,543	4,455
Financial & Property	190	95	515	556	680	2,760
Oil & Gas	26	8	51	90	63	272
Plantations	1	0	8	5	2	38
Mines	74	8	67	150	175	416
Others	67	12	35	193	132	251
Totals	669	421	1,580	2,235	2,854	8,251

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	0	383	+8
ASDA Group	17,000	30½	+3½
Abbey National	905	270	+5
Albert Fisher	2,100	35	
Allied-Lyons	[illegible]	550	-1
Amstrad	178	21	+1
Anglian Water	784	432	-4
Argos	923	223	+1
Argyll Group	3,300	325	-7
Arjo Wiggins	2,400	180	-8
Ass Brit Foods	88	380	-2
Ass Brit Ports	[illegible]	280	+17
BAA	1,000	657	+2
BAT Inds	2,600	748	+7
BET	578	109	+5
BICC	434	348	+8
BOC	1,400	642	+4
BP	9,700	197½	+5½
BPB Inds	745	137	+12
BT	5,800	346	+3
BT New	1,600	243½	+1½
BTR	4,200	450	+5
Bank of Scotland	885	104	+1
Barclays	6,000	314	+14
Bass	1,800	508	+8
Berisford Int	0	12½	
Blue Circle	791	195	+1
Booker	184	334	+9
Boots	4,800	463	+3
Bowater	222	748	+10
Brit Aerospace	3,300	[illegible]	+6
British Airways	3,700	273	+6
British Gas	[illegible]	232	+2
British Land	349	341	-1
British Steel	[illegible]	51¼	+2
Bunzl	376	90	+1
Burmah Castrol	303	585	+12
Burton	6,300	34	+1½
Cable & Wire	2,800	630	+9
Cadbury Schweppes	2,100	419	+4
Calor Group	289	447	+3
Carlton Comms	682	[illegible]	+15
Coats Viyella	2,700	135	
Comm Union	1,100	491	+18
Cookson	744	127	
Courtaulds	1,700	422	-9
Dalgety	142	335	+1
De La Rue	210	557	+6
Dixons	1,300	209	+2
Eastern Elect	931	373	+5
East Midland Elect	162	297	+3
Eng China Clays	1,400	363	+2
Enterprise Oil	2,900	328	+11
Eurotunnel Units	708	360	+1
FKI	[illegible]	[illegible]	[illegible]
Fisons	[illegible]	[illegible]	[illegible]
Forte	[illegible]	[illegible]	[illegible]
Gen Accident	[illegible]	[illegible]	[illegible]
General Elect	[illegible]	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]	[illegible]
Glynwed Int	[illegible]	[illegible]	[illegible]
Granada	[illegible]	[illegible]	[illegible]
Grand Met	[illegible]	[illegible]	[illegible]
GUS A	[illegible]	[illegible]	[illegible]
GRE	[illegible]	[illegible]	[illegible]
GKN	[illegible]	[illegible]	[illegible]
Guinness	[illegible]	[illegible]	[illegible]
HSBC (75p shs)	[illegible]	[illegible]	[illegible]
Hammerson A	[illegible]	[illegible]	[illegible]
Hanson	[illegible]	[illegible]	[illegible]
Hanson Warrants	710	19	+¼
Harrisons Crosfield	1,300	115	+3
Hillsdown	4,100	85	-3
IMI	[illegible]	294	+4
ICI	1,700	1058	+7
Inchcape	715	393	-2
Kingfisher	2,100	460	+15
Kwik Save	330	624	-3
Ladbroke	1,100	152	+3
Land Securities	408	356	
Laporte	557	465	+8
Legal & General	758	315	+7
Lloyds Abbey	1,300	304	+1
Lloyds Bank	2,600	411	+13
LASMO	4,600	129	+2
London Elect	1,200	398	+9
Lonrho	374	70	+3
Lucas	1,500	92	+3
MB Caradon	450	227	+6
MEPC	514	322	-2
[illegible]	906	445	
Marks & Spencer	3,000	315	+3
Midlands Elect	689	427	+3
NFC	1,000	233	+10
NatWest Bank	2,330	330	+11
National Power	6,500	281	+4
Next	913	91½	+½
[illegible]	[illegible]	[illegible]	[illegible]
Reed Intl	1,500	490	+13
Rentokil	1,200	186	+3
Reuters	463	1118	+22
Rolls Royce	2,900	127	+4½
Rothmans	230	677	+2
Ryl Bk Scotland	1,000	155	+4
Royal Insurance	1,200	139	-1
Saatchi	81	134	
Sainsbury	4,100	432	+2
Scottish & New	816	490	+1
Scot Hydro-Elect	2,000	213	+1
Scottish Power	3,500	189	+2
Sears	[illegible]	64½	+1½
Sedgwick	917	175	-3
Seeboard	387	411	+4
Severn Trent Water	678	410	-3
Shell Transport	3,400	474	+7
Siebe	1,100	397	+13
Slough Ests	217	98	
Smith (W H) A	786	399	+3
Smith & Nephew	2,700	131½	-½
SmKl Beecham	3,000	489	+9
SmKl Beecham Uts	2,700	441	+16½
Smiths Inds	415	284	-1
[illegible]	197	405	
South Wales Elect	221	465	+8
South West Water	1,300	431	+1
[illegible]	[illegible]	[illegible]	[illegible]
Unigate	231	318	+2
Unilever	785	948	+7
United Biscuits	9,600	259	+24
Utd Newspapers	582	379	+9
Vodafone	2,500	291	+3
Warburg (SG)	352	404	+2
Wellcome	3,600	869	+21
Welsh Water	297	480	+1
Wessex Water	165	506	
Whitbread A	301	398	-1
Williams Hldgs	1,100	244	+18
Willis Corroon	1,100	165	+9
Wimpey	1,500	74	+3
Wolseley	91	304	+10
Yorkshire Elect	1,000	454	+7
Yorkshire Water	65	478	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

Derivatives markets provided a good lead yesterday for an equity market already encouraged by the strength of the US dollar, writes Terry Byland.

In the stock index sector, the September contract, which expires in a just over a week, traded briskly as dealers continued to roll-over positions into the December contract which will take over as the market leader. Locals, or independent traders, were short of the September contract and their efforts to close positions forced the price higher.

September showed a premium of around 10 points to cash at the close; with no fair value premium now standing on the September, last night's quotation represented an acceptable cost-of-carry premium on December.

Turnover in traded options increased from 26,448 contracts on Thursday to 35,499 yesterday, with calls registering 19,044.The FT-SE 100 index option saw a sharp rise in business, recording a total of 16,524 contracts against 10,914. HSBC topped the list of individual stock contracts with 2,210, followed by Glaxo (2,084) as the drug group continued to respond to the trading results.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.2421	-0.731	8.90	8.84	8.30
BELGIUM		8.750	06/02	99.1000	-	8.88	8.93	9.01
CANADA *		8.500	04/02	107.7500	-0.450	7.36	7.09	7.10
DENMARK		9.000	11/00	96.6500	-0.950	9.79	9.69	9.61
FRANCE	BTAN	8.500	03/97	96.8069	-0.125	9.37	9.30	9.42
	OAT	8.500	11/02	[illegible]	-0.040	8.82	8.82	9.06
GERMANY		8.000	07/02	101.5900	+0.005	7.76	7.82	8.05
ITALY		12.000	05/02	90.6000	-0.245	14.26†	14.13	13.62
JAPAN	No 119	4.800	06/99	100.1279	-0.257	4.78	4.88	5.03
	No 145	[illegible]	03/02	104.0295	-0.240	4.88	4.86	5.12
NETHERLANDS		8.250	05/02	100.0900	+0.010	8.25	8.26	8.40
SPAIN		10.300	06/02	87.0000	-0.075	12.67	12.26	12.25
UK GILTS		10.000	11/96	100-13	-6/32	9.86	9.64	9.57
		8.750	08/02	102-27	-1/32	9.30	9.20	9.35
		9.000	10/08	100-17	+1/32	8.94	8.99	9.12
US TREASURY *		6.375	08/02	100-10	-6/32	6.33	6.40	6.48
		7.250	08/22	99-22	-11/32	7.28	7.28	7.29
ECU (French Govt)		8.500	03/02	94.2500	-0.130	9.43	9.44	9.46

London closing, *denotes New York morning session Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal *Technical Data/ATLAS Price Sources*

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday September 11 1992

Water	+	33.42
Electricity	+	17.96
Electronics	+	10.52
Banks	+	7.51
Food Retailing	+	5.61
Other Industrial Materials	+	3.99
Media	+	3.14
Other Groups	+	1.31
Stores	+	0.60
Motors	-	1.03
Telephone Networks	-	1.84
Transport	-	3.80
Packaging, Paper & Printing	-	3.81
Industrial Group	-	3.92
Insurance (Life)	-	4.36
Brewers & Distillers	-	4.44
500 Share Index	-	5.59
All-Share Index	-	5.65
Consumer Group	-	5.89
Textiles	-	6.59
Financial Group	-	6.76
Capital Goods	-	7.70
Merchant Banks	-	8.18
Engineering-General	-	8.36
Chemicals	-	9.63
Health & Household	-	9.82
Investment Trusts	-	10.06
Conglomerates	-	10.29
Business Services	-	11.01
Insurance (Composite)	-	11.24
Engineering-Aerospace	-	11.46
Electricals	-	12.52
Food Manufacturing	-	12.80
Metals & Metal Forming	-	12.90
Oil & Gas	-	18.04
Hotels & Leisure	-	21.37
Building Materials	-	[illegible]
Property	-	37.72
Insurance Brokers	-	39.29
Contracting, Construction	-	42.13
Gold Mines Index	-	50.69

COMMODITIES

WEEK IN THE MARKETS

Platinum leads precious metals lower

PLATINUM LED a general retreat of precious metals prices yesterday after hopes were raised of tension easing in South Africa, by far the biggest producer of the white metal, by the African National Congress's expression of willingness to hold talks with the government.

Earlier in the week grave concern about racial unrest in the South African homelands had lifted the platinum price to the highest level for four weeks. Monday's violence in Ciskei was reflected in a $2.80-a-troy-ounce rise and further gains were prompted in midweek by fears that threatened mass action by the ANC might disrupt the Bophuthatswana operation of Impala, South Africa's second biggest producer of platinum. Those fears helped to push the price to $364.15 and ounce in London before profit-taking was encouraged late on Wednesday by assurances from the country's biggest producers that they were not expecting output to be affected.

The selling continued on Thursday and quickened yesterday with the added encouragement of the ANC statement and the dollar's improved fortunes on the foreign exchanges. In the afternoon the London platinum price was fixed at $356.25 an ounce, $4.85 below Thursday's level and 95 cents down on the week.

Though the gold market remained technically weak its price followed platinum's early rise, albeit at a respectful distance. What remained of those gains were wiped out yesterday, however, and the price closed on the London bullion market at $340.25 an ounce, down $1.25 on the week.

Silver was noticeably weaker than the other precious metals throughout week and after falling 6.5 cents yesterday the London price closed at 369.5 cents an ounce, down 6.5 cents on balance.

Base metals prices were mostly lower at the London Metal Exchange, led by copper, which breached with unexpected ease support at the equivalent of $2,420 a tonne for three months delivery. Traders attributed the market's weakness to continuing concern about the world economy's slowness to emerge from the recession, liquidation of Chinese long positions and increased shipments from Russia.

In sterling terms copper appeared to finish the week with its tail up, gaining £25.50 in the three months position yesterday to reach £1,267.75 a tonne, down £9.75 on the week. But the rally was entirely attributable to the continuing dollar rally. In terms of that currency the three months position was down $16.50 on the day and $111.50 on the week at $2,397.50 a tonne. Traders said the next downside chart objective was $2,380 a tonne.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-2,025	to 1,359,000
Copper	+1,700	to 278,800
Lead	+2,075	to 156,725
Nickel	+[illegible]	to 44,388
Zinc	+[illegible]	to 353,625
Tin	-195	to 14,735

The currency factor had no such cushioning effect on the dollar-denominated LME nickel market. The three months position was marginally steadier during the second half of the week but still ended $142.50 down on balance at $7,012.50 a tonne. Twice it had touched a 2½-year low of $6,915 a tonne as sentiment was undermined by depressed fundamentals and negative technical factors, which encouraged speculators to liquidate long positions. Some producer support was noted, as well as modest Chinese buying, but this was insufficient to reverse the trend.

Zinc prices joined in the general downtrend this week, as the supply squeeze worries that had been bolstering them appeared to ease. After breaching support at $1,380 a tonne on Tuesday the three months price closed yesterday at $1,341 a tonne, down $51.50 on the week, and the cash premium – a reflection of the squeeze fears – narrowed from $44.25 to $24 a tonne.

Dealers warned, however, that the zinc market remained vulnerable to renewed supply tightness in the final quarter of this year, which is attributed to options-related operations by a group of producers and a leading trade house.

Coffee prices at the London Futures and Options Exchange began the week with a continuation of last week's rise but quickly fell under the influence of a depressed New York market. Concern about oversupply of the arabica coffee variety traded in New York helped to push the September futures price there below the psychologically-important 50 cents a lb mark at one point. Oversupply is not at present a problem for the London's robusta coffee market but, as often happens, sympathetic pains caused it to abandon its upward course and the November position closed yesterday at $769 a tonne, down $19 on the week.

Richard Mooney

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Head Office: The Financial Times Ltd, Number One, Southwark Bridge, London SE1 9HL.
Telex: (Editorial) 922186. Telex. (Advertising) 885033. Telephone: 071-873 3000.
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INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Amsterdam: Editorial, PO Box 1296, 1000 BG Amsterdam Tel 6276796 Fax 6235591 Advertising and Circulation Herengracht 472, 1017 CA Amsterdam Telex: 16527 Fax: 235591 Editorial Tel: (020)6276796 Advertising & Circulation Tel. (020) 6239430/6225068
Bangkok: Maneeya Centre Building, Penthouse Floor 518/5 Ploenchit Road, Bangkok 10500. Tel 256 6906, 251 1139, 253 5522, Fax 254 4843
Birmingham: Editorial and Advertising George House, George Road, Edgbaston, Birmingham B15 1PG. Fax. 021-455 0869. Tel: 021-454 0922.
Bonn: Editorial Heussallee 2-10, Pressehaus II/104, D-5300 Bonn. Telex 8869542. Tel. 0228-21 00 39 Fax 223969
Bristol: Editorial, Advertising and Circulation Merchants House, Wapping Road, Bristol BS1 4RW. Tel. 0272 292565.Fax 0272 225974.
Brussels: Editorial, Advertising and Circulation Rue Ducale 39 Hertogsstraat, B-1000 Bruxelles. Editorial Telex: 23283 Tel: 02-512 9037 Advertising and Circulation Telex: 64219 Tel 02-513 2816
Buenos Aires: Editorial Edificio Safico Piso 7, No 74 Avenida Corrientes 456, Codigo 1366, Buenos Aires. Tel: 01 394 7696
Cairo: Editorial Flat 41, 19 Gabalaya Street, Zamalek Cairo Tel: 341 8548/341 8549 Telex: 94169 Fax: 341 8548
Copenhagen: Advertising and Circulation Financial Times (Scandinavia) Vimmelskaftet 42A,DK-1161 Copenhagen-K,Denmark.Telephone(33)13 44 41.Fax(33)93 53 35
Dublin: Editorial 20 Upper Merrion Street Dublin 2. Tel: 762 071. Fax 762 125
Edinburgh: Editorial and Advertising 37 George Street. Edinburgh EH2 2HN. Telex: 72484 Tel. 031-220 1199.Fax 031-220 1578.
Frankfurt: Editorial, Advertising and Circulation Nibelungenplatz 3,6000 Frankfurt 1 Tel:069-156850 Editorial Fax:069-5964542 Advertising Fax069 59646421 Circulation Fax. 069 5964482
Geneva: Editorial Salle de Presse No1, Palais des Nations, Avenue de la Paix CH-1211 Geneva 10 Tel.(022)734 0426 Telex. 27760 Fax: (022) 733 7062. Advertising and Circulation 15 rue du Cendrier, CH-1201 Geneva. Tel: (022) 7311604
Hong Kong: Editorial, 17a Shun Ho Tower, 24-30 Ice House Street, Central Hong Kong Tel:845 3311 & 845 3312 Telex 67940 FTHKG Fax: 868 4224 Advertising 17th Floor Ice-House Street, Central, Hong Kong Tel. 868-2863/93 Fax. 537 1211.
Jerusalem: Editorial c/o Government Press Office, P O Box 53, Beit Agron, 37 Hillel Street, Jerusalem 94581 Tel: 25 53 96
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Leeds: Advertising Permanent House, The Headrow, Leeds LS1 8DF. Tel. 0532-454969 Fax.0532 423516.
Lisbon: [illegible] Lisbon Telex. 12533. Tel: 674405.
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Rio de Janeiro: Editorial Avenida Rio Branco 45, Salas [illegible], Centro CEP 20090, Rio de Janeiro RJ Telex: 213 3593 Tel: 021-263 8845.
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Sydney: Editorial Level 49, MLC Centre, Martin Place, Sydney, NSW 2000. Tel.232 2274 Telex. 23650 ATTN. F.T. Fax:232 8316 ATTN. F T
Tokyo: Editorial 11th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku, Tokyo Fax 3241 2654. Tel 3241 2920/2959. Advertising Kasahara Building, 6-10 Uchikanda,1- chome, Chiyoda-ku, Tokyo 101 Advertising Tel. 03-3295 4050 Fax. 03 3295 1264. Circulation Tel 03 3295 1711,Fax 03 3295 1712.
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Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

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BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

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[illegible]

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Standard Chartered Equitor (1200)F

Edinburgh Fund Mngrs PLC

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Robert Fleming Asset Mngmt Ltd

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Funds in Court*

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Pearl Assurance (Unit Funds) Ltd
Lynch Wood, Peterborough PE2 6FY 0733 470470

	Bid Price	Offer Price	+ or −	Yield Gross
Property Dist. (Gross)	135.1	142.2	..	–
Property Acc. (Gross)	257.5	271.0		–
Equity (Gross)	793.5	835.2	+4.7	–
Managed (Gross)	571.8	601.9	+2.4	–
Property Acc. (Net)	123.1	129.5		–
Equity (Net)	185.7	195.4	+1.0	–
Adventurous Managed	86.8	91.4		–
Managed (Net)	177.3	186.6	+2.2	–
Cautious Managed	96.0	101.1		–
[illegible]	154.5	162.6	+0.2	–
Gilt & Fixed Interest	142.4	149.9	+0.9	–
Money Fund	141.7	149.1		–
Mixed Fund (Cap)	108.7	114.5		–
Mixed Fund (Acc)	113.5	119.5		–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	621.3	654.1	+2.8	–
Ret Man (Series 2)	210.7	221.8	+0.9	–
Ret Cash	200.8	211.4	+0.1	–
Pens Mixed Fd (Cap)	119.9	126.3		–
Pens Mixed Fd (Acc)	125.1	131.7		–
Pens Stlg Fd (Cap)	104.7	110.3		–
Pens Stlg Fd (Acc)	109.4	115.2		–

Premium Life Assurance Co Ltd
37-39, Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	122.0	129.0	+3.0	–
Building Soc. Fd	225.0	237.0		–
Balanced	243.0	256.0	+1.0	–
[illegible]	200.0	211.0	+2.0	–
GT Managed	170.0	179.0		–
Gartmore Mngd	113.0	119.0		–
German	122.0	129.0	−1.0	–
Gilt	162.0	171.0		–
Global	35.0	37.0		–
International Equity	178.0	188.0	+2.0	–
Japan	148.0	156.0	−2.0	–
Leisure	47.0	50.0		–
Managed	38.0	40.0		–
Property	286.0	302.0	−1.0	–
UK Equity	216.0	228.0	+2.0	–
Pension Funds				
American	237.0	250.0	+4.0	–
Building Soc. Fd	243.0	256.0		–
Balanced	206.0	217.0	+1.0	–
European	222.0	234.0	+2.0	–
German	122.0	129.0		–
Gilt	159.0	168.0	+1.0	–
Global	33.0	35.0		–
International Equity	162.0	171.0	+2.0	–
[illegible]	85.0	90.0	−1.0	–
Managed	48.0	51.0		–
Property	221.0	233.0	−1.0	–
UK Equity	225.0	237.0	+4.0	–

Professional Life Assurance Co Ltd (z)
Skandia Hse, Portland Terr, Southampton 0703 232323

	Bid Price	Offer Price	+ or −	Yield Gross
BZWIM Managed		114.0		–
Fidelity Managed		95.9		–
Hill Samuel Managed		115.9		–
Morgan Grenfell Managed		110.9		–
PDFM Managed		120.2		–
Schroder Managed		116.5		–
Professional Managed		112.6		–
European Equity		80.9		–
Fixed Interest		152.5		–
International Equity		124.8		–
Pacific Equity		83.7		–
UK Equity		122.3		–
US Equity		113.3		–
European Index		94.3		–
[illegible]		89.7		–
Japanese Index		72.1		–
South East Asia Index		106.6		–
UK Index		119.3		–
US Index		111.7		–
Property		102.3		–
Sterling Deposit		113.2		–
[illegible]	85.7	90.9		–
Retirement Ann Cash	116.6	122.7		–

Prudential Corporate Pension Funds
1 Stephen St, London W1P 2AP 071-548 3281

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Managed Funds				
Discretionary Sep 9	£173.03	178.51		–
Equity Sep 9	£195.66	202.37		–
International Sep 9	£25.01	25.70		–
Intl Bond Sep 9	£14.01	14.19		–
Fixed Int Sep 9	£105.77	106.97		–
Index Linked Sep 9	£73.93	74.87		–
Property Sep 9	£110.37	116.43		–
Cash Sep 9	£31.3014	31.3014		–
Pru-Linked Retirement Plan				
Managed Sep 1	409.5	426.6		–
Cash Sep 1	287.7	299.7		–
Prudential Pension Investment Account				
Pens Mngd Sep 11	169.9	178.3		–
Pens UK Eq Sep 11	286.9	309.4		–
Pens Intl Sep 11	183.0	196.2		–
Pens Global Eqty Sep 11	91.4	96.3		–
Pens Fixed Sep 11	240.0	253.3		–
Pens Index Lk Sep 11	188.9	199.5		–
Pens Property Sep 11	89.2	93.9		–
Pens Cash Sep 11	188.0	198.0		–
Money Purchase Plan				
Discretionary Sep 11	92.8	99.6	+0.3	–
Equity Sep 11	95.1	102.3	+0.8	–
International Sep 11	81.4	87.0		–
Global Equity Sep 11	90.9	97.5	+0.3	–
Intl Bond Sep 11	95.5	100.5	−0.2	–
Fixed Interest Sep 11	111.8	[illegible]	+0.6	–
Index Linked Sep 11	100.0	105.2	+0.1	–
Property Sep 11	99.7	109.3		–
Cash Sep 11	107.2	112.5	−0.2	–

Prudential Individual Life Funds
1 Stephen St, London W1P 2AP 071-548 3387

	Bid Price	Offer Price	+ or −	Yield Gross
Series I Life Funds				
Managed	349.6	378.6	+2.2	–
Equity	1109.4	1167.8	+4.7	–
Fixed Interest	492.1	518.0	+2.2	–
Property	391.0	411.6	+0.1	–
Cash	349.6	368.0	+0.1	–
International	371.0	390.6	+2.0	–
Series II Life Funds				
Managed	531.4	559.4	+2.1	–
Equity	1069.7	1126.1	+4.5	–
International	358.8	377.7	+1.8	–
Fixed Int	472.8	497.7	+2.1	–
Property	375.8	395.6	+0.1	–

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JERSEY (REGULATED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

WORLD STOCK MARKETS

US MARKETS (3 pm) · CANADA (3 pm) · AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · HONG KONG · MALAYSIA · SINGAPORE

INDICES

NEW YORK DOW JONES

	Sep 10	Sep 9	Sep 8	Sep 4	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3305.16	3271.39	3260.59	3281.93	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.80	102.62	102.51	102.58	102.80 (10/9)	98.41 (20/3)	102.80 (10/9/92)	54.99 (1/10/81)
Transport	1280.08	1256.13	1243.68	1248.09	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	222.21	221.08	220.21	220.46	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3318.94 (3284.09) Low 3261.67 (3244.92) (Theoretical)‡
Day's High 3312.73 (3272.75) Low 3271.39 (3258.18) (Actual)‡

STANDARD AND POOR'S

	Sep 10	Sep 9	Sep 8	Sep 4	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite †	419.95	416.36	414.44	417.08	425.09 (3/8)	394.50 (8/4)	425.09 (3/8/92)	4.40 (1/6/32)
Industrials	495.86	490.44	488.42	490.99	499.51 (3/8)	470.91 (8/4)	499.51 (3/8/92)	3.62 (21/6/32)
Financial	34.88	34.62	34.60	35.19	36.66 (3/8)	32.40 (8/4)	36.66 (3/8/92)	8.64 (1/10/74)
NYSE Composite	230.78	229.10	228.37	229.75	233.66 (3/8)	217.92 (8/4)	233.66 (3/8/92)	4.46 (25/4/42)
Amex Mkt. Value	384.81	382.82	383.36	384.85	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	581.24	574.89	571.17	573.44	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Sep 4	Aug 28	Aug 21	year ago (approx.)
Dow Industrial Div. Yield	3.15	3.16	3.17	3.04

	Sep 9	Sep 2	Aug 26	year ago (approx.)
S & P Industrial div. yield	2.64	2.63	2.64	2.70
S & P Indl. P/E ratio	27.46	27.52	27.18	21.33

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Telefonos	3,956,800	42⅛	- ⅛
Natl Semicondtr	3,324,600	12	+ ⅞
Chemical Bank	3,317,600	31⅝	+ ⅝
Limited Inc	3,124,700	22⅞	- ⅛
Du Pont	2,547,600	47⅛	1¼
Chase Manhattan	2,460,100	22⅜	+ ⅛
Citicorp	2,276,300	16⅛	+ ⅛
Gen Motors	2,165,400	34	...
Walt Disney	2,127,800	36⅝	+ 1⅛
Home Shop	1,987,200	5⅜	

TRADING ACTIVITY

† Volume (Millions)	Sep 10	Sep 9	Sep 8
New York SE	221.970	172.890	160.930
Amex	11.398	10.755	9.514
NASDAQ	200.938	170.286	123.875
NYSE			
Issues Traded	2,335	2,346	2,331
Rises	1,149	961	588
Falls	601	782	1,116
Unchanged	585	603	627
New Highs	83	68	56
New Lows	23	31	27

CANADA TORONTO

	Sep 10	Sep 9	Sep 8	Sep 4	1992 HIGH	1992 LOW
Metals & Minerals	2933.59	2915.55	2938.25	2965.44	3238.87 (16/1)	2828.26 (8/4)
Composite	3443.90	3449.10	3452.00	3456.82	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1792.85	1800.33	1800.52	1802.38	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ‡ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

WORLD

	Sep 11	Sep 10	Sep 9	Sep 8	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1501.2	1496.0	1470.9	1501.8	1684.50 (22/5)	1470.90 (9/9)
All Mining (1/1/80)	662.5	655.6	652.4	660.6	726.80 (3/7)	652.40 (9/9)
AUSTRIA						
Credit Aktien (30/12/84)	310.10	309.29	310.83	316.40	458.57 (24/2)	291.41 (13/8)
Traded Index (2/1/91)	746.85	745.33	750.25	759.98	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1079.58	1073.21	1066.05	1068.66	1235.40 (2/6)	1046.07 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	269.99	271.73	272.51	272.46	365.29 (15/1)	268.82 (2/9)
FINLAND						
HEX General (28/12/90)	573.9	574.1	573.0	568.4	936.90 (24/2)	541.80 (7/8)
FRANCE						
CAC General (31/12/82)	481.49	476.53	476.13	488.77	555.93 (22/5)	462.25 (2/9)
CAC 40 (31/12/87)	1801.99	1774.38	1756.77	1763.67	2077.49 (13/5)	1667.72 (25/8)
GERMANY						
FAZ Aktien (31/12/58)	600.27	590.37	602.43	609.85	725.26 (26/5)	582.34 (26/8)
Commerzbank (1/12/53)	1697.1	1687.0	1710.4	1725.3	2043.80 (25/5)	1642.70 (26/8)
DAX (30/12/87)	1527.80	1520.67	1525.26	1544.55	1811.57 (25/5)	1466.91 (25/8)
HONG KONG						
Hang Seng Bank (31/7/64)	5537.29	5631.55	5726.99	5708.59	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1196.07	1201.08	1207.27	1207.72	1469.52 (17/1)	1196.07 (11/9)
ITALY						
Banca Com. Ital. (1972)	367.09	373.26	371.63	365.40	551.59 (6/2)	361.52 (7/9)
MIB General (2/1/92)	728.6	732.8	727.9	716.0	1086.00 (5/2)	707.00 (7/9)
JAPAN						
Nikkei (16/5/49)	18107.69	18980.47	18875.56	18282.42	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1369.85	1414.97	1413.52	1391.86	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1793.59	1799.79	1791.21	1798.19	3459.85 (6/1)	1582.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	580.79	584.19	(c)	586.61	[illegible]	546.63 (14/1)
NETHERLANDS						
CBS TU Rtn Gen.(End 1983)	284.1	281.3	281.5	281.7	314.90 (9/6)	274.00 (9/1)
CBS All Shr (End 1983)	193.1	191.3	191.4	191.5	215.50 (26/5)	188.70 (25/8)
NORWAY						
Oslo SE Indl (2/1/83)	557.38	550.62	541.16	548.69	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1417.96	1413.00	1407.47	1412.90	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	366.42	366.89	367.17	368.59	416.99 (21/1)	354.15 (19/8)
SOUTH AFRICA						
JSE Gold (28/9/78)	861.0	857.0	898.0	928.0	1327.00 (21/1)	857.00 (10/9)
JSE Industrial (28/9/78)	4038.0	3991.0	4028.0	4056.0	4689.00 (4/6)	3973.00 (14/8)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	(c)	551.12	553.35	691.48 (2/3)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	208.81	207.65	210.02	212.70	266.51 (20/2)	203.76 (26/8)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	720.3	707.2	712.5	720.2	1014.50 (11/5)	707.20 (10/9)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	837.5	830.9	826.1	833.1	883.40 (11/5)	748.50 (6/1)
SBC General (1/4/87)	624.9	619.3	615.9	618.7	682.30 (11/5)	586.40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	(c)	3785.98	3770.12	3758.38	5391.63 (30/1)	3733.06 (20/8)
THAILAND						
Bangok SET (30/4/75)	801.98	791.20	782.85	770.42	832.39 (7/1)	667.84 (19/5)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	505.6*	512.2	512.1	511.0	542.10 (7/1)	467.50 (8/9)
Euro Top-100 (26/6/90)	818.14	812.37	809.72	812.86	976.55 (25/5)	132.99 (3/9)

**Saturday September 5: Taiwan Weighted Price (c), Korea Comp Ex. 534.69.
‡ Subject to official recalculation. *Calculated at 15.00 GMT
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

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WORLD STOCK MARKETS

AMERICA

US investors appear reluctant to buy

Wall Street

US STOCK markets yesterday failed to follow through on Thursday's gains as share prices held steady in spite of a stronger dollar and good inflation news, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down *1.07 at 3,304.09. The more* broadly based Standard & Poor's 500 was also slightly weaker at midsession, up 0.71 at 419.24, while the Amex composite put on 0.67 at 385.48 and the Nasdaq composite advanced 0.97 to 582.21. Turnover on the NYSE was 112m shares by 1 pm.

After Thursday's 33-point jump in the Dow, some analysts had hoped that investors would build on those gains yesterday. The dollar was strong rising almost three pfennigs to 1.4525 amid heavy technical buying.

The day's main economic news was also positive for equities, with the Labor department reporting that producer prices had risen just 0.1 *per cent in August. The figures* indicated that inflationary pressures in the economy remain extremely subdued, and confirmed the view that if the Federal Reserve wants to ease monetary policy again, fear of inflation should not be a hindrance.

In spite of the good fundamentals, however, investors appeared reluctant to buy. *They may have been unsettled* by falling bond prices, although the bond market's weakness was linked to the heavy supply of new corporate debt, said analysts, and did not suggest that yields were heading back up.

Among individual stocks, trading in the shares of Morgan Stanley was delayed due to an order imbalance on the sell side after the New York investment bank announced second quarter profits of $119m, 19 per cent higher than a year ago but below analysts's forecasts. When trading in the stock opened, the shares fell $⅝ to $48⅞.

Ford lost $⅝ to $40⅝ in volume of 1.2m shares after Mr Jack Kirnan, motor analyst at the securities house, Salomon Brothers, lowered his rating from "buy" to "hold" and cut his forecasts for 1992 and 1993. He said that he was downgrading Ford because of the group's exposure to Europe, especially in the UK, where sales are particularly weak and where the company is losing ground to General Motors. GM shares were up $⅜ at $34.

Medtronic rose $2⅞ to $88¼ in busy trading after the company reached a settlement of its litigation with Siemens, the German technology group.

On the Nasdaq market, Castle Energy jumped $⅜ to $3¼ after the company revealed that it would buy some of the assets of Atlantic Richfield for a total of $128m.

Canada

TORONTO kept to lower levels at midday as nervousness over interest rates weighed on the market. Bank shares fell on fears that rising Treasury bill yields might lead to an increase in the Bank of Canada's key interest rate.

The TSE-300 composite index was 5.7 down at 3,438.2 by midsession. Declines led advances by 212 to 208 in volume of 21m shares.

Among bank shares, Canadian Imperial fell C$⅜ to C$29⅞, Bank of Montreal by C$⅜ to C$46, Bank of Nova Scotia C$⅜ to C$23⅞ and Royal C$⅛ to C$24½.

Resilient Lisbon looks for selective growth

Patrick Blum on Portuguese equity performance

The small Portuguese bolsa has been more resilient than many of its competitors to the pressures which have driven equities down this year. While share prices have fallen, the local market has performed better than most of its European counterparts. Analysts believe that it will continue to do so for the rest of this year, although investors will have to be more selective.

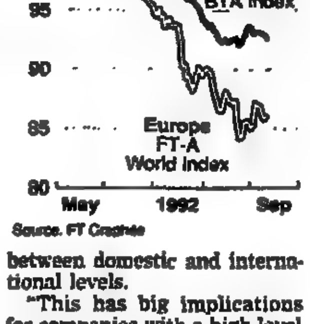
The Banco Totta & Acores (BTA) index rose by 5.1 per cent in the first six months ending June 30, out-performing most other European indices, including the FT-SE 100 which rose 1.1 per cent in the period; only Zurich, Paris, Frankfurt and Milan rose by more than Lisbon, according to Baring Securities. During the second quarter, the BTA index was among only four in Europe which bucked the trend of falling indices.

Since June, the Portuguese market has been buffeted by domestic and international factors. Fears over the future of the EC, with uncertainty surrounding the outcome of the French Maastricht referendum on September 20, helped take the BTA index down to 1,971.9 on Thursday, still above its 1,869.6 year low of February 12, but against a peak of 2,156.4 on May 11.

The market was also adversely affected by the flight out of the country in July of Mr Pedro Caldeira, a leading stockbroker, leaving behind him debts exceeding Esc 400m ($3.2m). The scandal, coming shortly after the suspension of *two brokers for irregularities,* has undermined investor confidence, though analysts believe it may have a salutary impact.

There were positive factors. Interest rates, which had been declining slowly since the start of the year came down more abruptly in August when the central bank reduced its intervention rate twice within a week and announced plans to lift all capital controls by the end of the year. Dealers thought that more cuts were on the way, but analysts say that this will depend on clearer signals that inflation is falling. It is expected to be around 9 per cent this year, at the higher end of the 7-9 per cent range government forecast.

On September 1, the authorities abolished the requirement for Portuguese companies which want to borrow in foreign currencies to deposit the equivalent of 25 per cent of the amount in escudos with the Bank of Portugal in an interest-free deposit. Companies hope that this will also help to push down Portuguese interest rates, thereby reducing the gap between domestic and international levels.



Source: FT Graphite

"This has big implications for companies with a high level of debt," says one analyst. "Their income side will benefit. For good companies which struggle under a heavy weight of financial charges, the fall in interest rates will have a very significant effect. Some companies could see their profits double as a result."

Interest rates for investors have declined markedly. Whereas they could get 14.5 per cent on six month money at the beginning of August, this is down to 11.5-12 per cent. "The fall in fixed income yields will encourage investors towards the floating market, and that's good for the stock exchange," says a stockbroker.

In addition, the ongoing reform of the bolsa will raise market efficiency and transparency. Supervision has been tightened and the gradual expansion of continuous trading, along with the first effective steps to link the Lisbon and Oporto exchanges, will also help. But optimism has to be tempered with caution.

"Investors will have to be much more selective," says a fund manager. "It is increasingly important to look at sectors. For example, construction stocks are up by almost 25 per cent this year, but the overall index is down."

He believes that most financials will underperform selected industrial stocks as the fall in interest rates cuts into bank margins and profits. More than 50 per cent of the index consists of financial companies, so if their shares are depressed it drags the index down.

Companies likely to do well are those involved in major modernisation and infrastructure projects. These include a new bridge over the Tagus from Lisbon, expansion of the Lisbon underground, several power plants and a cross-country gas pipeline, the renovation of the railways, new motorways to Spain, as well as major industrial investments in new factories such as the Ford-Volkswagen $2.8bn joint venture car plant in Setubal. All this activity will give work, not just to construction companies but also to manufacturers of a wide range of related products.

Selected financial institutions such as Banco Comercial Portugues and Banco Portugues de Investimento, more adaptable to change, are expected to do well, while *interest rate sensitive stocks such as Sonae could* also benefit.

The economy is expected to grow by about 2.5 per cent this year and is forecast to grow by 3 per cent in 1993, so, barring major international shocks, prospects look relatively positive. "We've had a very unfavourable environment with high interest rates and a tight monetary policy. Now conditions are becoming more favourable," says a stockbroker.

EUROPE

Higher dollar gives Paris a good day

A RISE in the dollar, and a gently firmer start on Wall Street helped bourses, particularly the late closers, yesterday, *writes Our Markets Staff.*

PARIS enjoyed a positive day as the market took confidence from the dollar. The CAC-40 index ended up 27.81 at 1,801.99, just off the day's high of 1,803.01, while turnover was a healthy FFr2.4bn. The market gained 1.3 per cent on the week.

Some speculative buying of bank and finance stocks was noted on hopes of a Yes vote in the Maastricht referendum, which could signal a cut in interest rates. Société Générale gained FFr5 to FFr534, Suez was up FFr5.50 to FFr249.00 and Paribas advanced FFr15 to FFr342.

Rhône-Poulenc reversed Thursday's sharp fall with a gain in its certificates of FFr13 to FFr543. Peugeot featured in active trade after the group forecast a rise in European sales: its shares gained FFr28 to FFr619.

The Peugeot news helped the automotive sector, Valeo, the replacement components company, improving FFr35 or 4.9 per cent to FFr745 with some 40,000 shares traded. Michelin gained FFr7 to FFr206.

FRANKFURT toyed with special situations as the DAX index ended 0.87 lower at 1,527.80, 0.6 per cent down on the week in turnover down to DM3.6bn from DM4.2bn.

A earnings downgrade for Thyssen dropped the steelmaker by DM4.30 to DM190.50. Goldman Sachs trimmed its DVFA earnings forecasts from DM15 to DM13 a share for 1991-92, and from DM16 to DM14 for 1992-93, and expected *a dividend cut from DM10 to* DM6 a share.

Varta, the battery maker, dropped DM6 to DM294 for a loss of DM16 on the week. Analysts said that the car industry was squeezing its components suppliers.

On the plus side, construction stocks rose after a trade group reported that new orders for the west German construction sector rose by 2.1 per cent in June. Philip Holzmann closed DM40 higher at DM845 and Hochtief rose DM25 to DM970. In banking, Commerzbank said that it was thinking about a dividend increase for 1992 and the shares rose DM2.30 to DM220.80.

MILAN went sharply into reverse, the Comit index closing 5.17 lower at 367.09, 1.2 per cent down on the week, as dealers again focused on the struggling lira and political worries.

The Bank of Italy said the *rumours of an imminent rate* hike were unfounded.

ZURICH rose on the higher dollar, the SMI index closing 19.0 better at 1,811.8. In addition, said Mr Frederick Hasslauer at Swiss Volksbank, better than expected first half profits from Nestlé lifted the bearers by SFr11 to SFr952.

AMSTERDAM rose on the stronger dollar, the CBS Tendency index climbing 0.9 to 109.2, 0.6 per cent lower on the week. Royal Dutch and Unilever both showed up well, up Fl 2.00 and Fl 2.50 respectively to Fl 144.30 and Fl 183.20.

BRUSSELS took its cue from neighbouring markets and ended the week firmer. The Bel-20 index closed up 6.37 at 1,079.58, a gain of 0.86 per cent on the week, in turnover of BFr804m.

UCB, the pharmaceuticals and packaging company, pleased investors with its first half figures (released after Thursday's close) and gained BFr650, or 2.9 per cent to BFr23,000.

BBL resumed trading after Thursday's suspension on news that the Dutch insurer, ING, was to make a bid. Its shares closed up BFr175 or 5.3 per cent at BFr3,450 with 19,200 shares traded.

STOCKHOLM closed the *week firmer as investors began* to be encouraged by central bank efforts to defend the krona. The Affärsvärlden index rose 13.1 to 720.3, 4.9 per cent lower on the week. Turnover was Skr355m after SKr397m on Thursday.

The banking share index rose 7.3 per cent with SE-Banken A shares SKr1 firmer at SKr15.

Procordia B shares rose SKr6 to Skr148 after announcing, on Thursday, the sale of its sugar producing subsidiary and acquisition of Swedish Match.

In OSLO the market continued to improve with the all-share index up 4.18 at 313.51, unchanged on the week. Turnover was NKr218m. Norsk Hydro gained NKr4 to NKr134.

VIENNA was little changed on the day but up 2 per cent on the week. The ATX index rose 0.53 to 745.85 with Leykam, the paper manufacturer, gaining Sch7 to Sch312, for the day's biggest rise.

ISTANBUL reached a two month high in spite of some late profit-taking. The 75-share index, which rose 128 in early trade, closed up 24.77 at 4,322.10 in turnover estimated at TL321.8bn. Eregli, the steel group, went against the trend, falling TL50 to TL3,800.

MADRID's general index *rose 1.18 to 208.81, 3.5 per cent* down on the week.

FT-SE Eurotrack 100 - Sep 11

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1028.70	1027.44	1028.25	1030.12	1031.47	1033.12	1032.59	1033.57

Day's High 1034.59 — Day's Low 1026.92

Sep 10	Sep 9	Sep 8	Sep 7	Sep 4
1027.59	1021.42	1029.38	1032.28	1029.27

Base value 1000 (26/10/90).

SOUTH AFRICA

JOHANNESBURG was supported by news that the ANC would hold talks with the government following violence in Ciskei earlier this week. The overall index put on 16 to 3,064 and the industrial index added 27 to 4,018. Gold finished 4 higher at 861 in spite of a weaker bullion price. De Beers lost 50 cents to R53.50.

ASIA PACIFIC

Nikkei slips 4 per cent on futures selling

Tokyo

STOCKS closed sharply lower on futures-linked selling and publication of the Bank of Japan's tankan, or quarterly economic survey, which showed business confidence at its lowest level since the mid-1970s, *agencies report from Tokyo.*

The Nikkei average lost 800.78 or 4.2 per cent to 18,107.69, a 2.4 per cent decline on the week, closing just above its intraday low of 18,097.55 after a high of 18,902.85 in the morning session. Volume was estimated at 700m shares, up *from 625.4m, declines exceeding* advances by 898 to 185 with 89 unchanged.

The Topix index of all first section stocks lost 45.12 or 3.2 per cent to 1,369.85 and in London the ISE/Nikkei 50 index fell 3.84 to 1,093.23.

"Bad data was expected, so the tankan is no surprise," one analyst said. "Today's fall was *mostly due to futures."*

Investors expected the settlement price of the September Nikkei futures contract to be in the low 19,000s, but it turned out to be 18,631. Brokers said that investors who had bought all week, expecting a technical rally over 19,000 in the morning session, took profits.

Speculative biotechnology shares lost ground in heavy volume. Green Cross lost Y60 to Y1,720 in volume of 11.85m shares while Meiji Milk lost Y40 to Y1,080 in turnover of 11.32m shares. Blue-chip electricals held up well with Sharp unchanged at Y1,070 and Mitsubishi Electric down Y7 at Y456.

NTT dropped sharply, losing Y24,000 to Y576,000. Banks fell *heavily with IBJ down Y110 to* Y2,820, Bank of Tokyo losing Y100 to Y1,290, and Sumitomo Bank Y110 weaker at Y1,700.

Roundup

PACIFIC Rim markets showed a mixed performance yesterday with Bangkok continuing to improve. Seoul and Taiwan *were closed for public holidays.*

HONG KONG continued to blame Sino-US trade friction as the Hang Seng index fell another 94.26, or 1.7 per cent to 5,537.29, down 3 per cent on the week in turnover of HK$1.82bn, up from HK$1.46bn.

Overseas institutions led the selling but selective buying, mostly by local Chinese fund investors, was said to have prevented a worse plunge. Brokers attributed this to a rebounding US dollar, to which the local currency is pegged, and sound fundamentals.

AUSTRALIA maintained its focus on Westpac, with another 51m rights to the bank's share issue traded. The All Ordinaries index closed up 17.2 at 1,501.00, down 1.9 per cent on *the week, in turnover of* A$260.2m.

Westpac closed 4 cents higher at A$2.92, off an intraday high of A$3.02.

Elsewhere News Corp gained 22 cents to A$23.32 while Foster's Brewing fell 5 cents to A$1.48 ahead of Monday's annual results.

BANGKOK rose further, the *SET index gaining 10.70 or 1.35* per cent to 801.90 in turnover of Bt11.15bn. The market has advanced 5 per cent over the week.

Krisda Mahanakorn, a property group, was the day's most active issue, up Bt16 at Bt218.

KUALA LUMPUR investors liquidated positions following the sharp fall in Tokyo, and the KLSE composite index fell 3.40 to at 580.79, a fraction lower on the week. Fund managers kept to the sidelines ahead of the Malaysian budget next month.

MANILA advanced as a strong performance by PLDT overnight in the US prompted last-minute buying. The composite index gained 4.96 to 1,417.96, a rise of 1.86 per cent *on the week.*

PLDT gained 10 pesos to 975 pesos, and combined turnover rose to 282m pesos from 196m pesos.

NEW ZEALAND edged higher as Fletcher Challenge reversed falls earlier in the week. The NZSE-40 index rose 7.39 to 1,461.17, 1.2 per cent *lower on the week. Turnover was NZ$18m. Fletcher Challenge gained 7 cents to* NZ$2.21.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 10 1992								WEDNESDAY SEPTEMBER 9 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	125.69	+1.1	94.25	97.72	92.17	115.82	+0.7	4.50	124.36	93.35	96.64	91.25	114.97	153.88	124.36	161.75
Austria (19)	155.56	−0.7	116.66	120.95	114.06	113.81	−0.8	2.57	156.70	117.63	122.03	114.95	114.69	186.70	139.27	183.33
Belgium (42)	144.65	+0.7	108.48	112.47	106.06	103.64	+0.5	5.94	143.64	107.82	111.85	105.37	103.08	152.27	135.87	130.65
Canada (114)	125.46	−0.3	94.09	97.54	92.00	110.61	−0.1	3.14	125.90	94.51	98.04	92.35	110.67	142.12	124.32	137.20
Denmark (33)	214.63	−0.8	160.96	166.86	157.39	159.59	−0.6	1.78	216.36	162.42	168.50	158.71	160.30	275.94	211.06	255.97
Finland (15)	53.85	+1.4	40.39	41.87	39.49	50.94	+1.2	2.77	53.09	39.85	41.35	38.95	50.35	89.80	53.08	85.43
France (102)	162.93	+0.6	122.18	126.67	119.47	122.95	+0.6	3.65	161.97	121.58	126.13	118.81	122.15	168.75	146.06	141.34
Germany (64)	117.27	−0.8	87.94	91.19	85.99	85.99	−0.9	2.68	118.24	88.76	92.10	86.74	86.74	129.69	114.42	110.75
Hong Kong (53)	231.70	−1.8	173.76	180.14	169.92	229.95	−1.6	3.67	235.52	176.80	183.41	172.78	233.69	259.55	178.36	165.16
Ireland (16)	156.16	−0.7	117.11	121.42	114.51	116.86	−0.8	4.53	157.32	118.09	122.51	115.40	117.75	173.71	151.78	161.82
Italy (78)	59.95	+0.1	44.96	46.61	43.96	48.33	+0.4	4.31	59.86	44.94	46.62	43.91	48.15	80.86	58.17	71.97
Japan (473)	115.34	+0.1	86.49	89.67	84.58	89.67	−0.1	0.95	115.24	86.51	89.75	84.55	89.75	140.95	87.27	128.62
Malaysia (69)	239.52	−0.2	179.62	186.22	175.64	230.11	−0.1	2.76	240.00	180.15	186.89	176.05	230.25	250.47	212.49	204.56
Mexico (18)	1249.08	−3.0	936.71	971.16	915.97	4178.28	−3.1	1.44	1287.67	966.62	1002.79	944.60	4311.80	1789.77	1249.08	1211.85
Netherland (25)	164.65	−0.2	123.47	128.01	120.74	119.52	−0.2	4.70	164.98	123.84	128.48	121.03	119.72	167.29	147.88	142.02
New Zealand (14)	41.93	−0.3	31.45	32.61	30.75	40.97	−0.7	5.55	42.05	31.56	32.75	30.84	41.25	48.52	41.90	46.94
Norway (22)	143.04	+2.4	107.26	111.21	104.89	108.62	+2.8	2.23	139.65	104.84	108.76	102.45	105.68	192.95	136.40	202.60
Singapore (38)	192.60	−0.2	144.43	149.75	141.23	141.47	−0.1	2.94	192.93	144.82	150.24	141.52	141.58	229.63	180.71	198.76
South Africa (61)	175.15	−1.1	131.35	136.18	128.44	149.11	−1.6	3.41	177.04	132.90	137.87	129.87	151.61	253.60	175.15	246.68
Spain (46)	139.21	−1.0	104.40	108.24	102.09	96.50	−1.0	6.20	140.64	105.57	109.53	103.17	97.49	161.72	133.79	153.76
Sweden (30)	169.56	−1.0	127.17	131.85	124.36	129.66	−0.8	3.17	171.31	128.60	133.42	125.66	130.67	200.28	169.56	199.20
Switzerland (60)	116.51	+0.8	87.38	90.60	85.45	90.22	+0.7	2.38	115.57	86.76	90.01	84.79	89.64	117.73	95.99	95.09
United Kingdom (228)	182.13	+0.6	136.58	141.59	133.54	136.58	+0.5	5.39	181.02	135.88	140.98	132.78	135.88	200.07	165.85	184.00
USA (522)	171.06	+0.8	128.28	133.01	125.45	171.06	+0.8	2.97	169.67	127.36	132.14	124.47	169.67	173.10	160.92	157.35
Europe (782)	146.98	+0.2	110.22	114.28	107.79	109.52	+0.2	4.35	146.68	110.09	114.21	107.59	109.32	156.88	139.31	142.16
Nordic (100)	156.51	−0.6	117.37	121.69	114.77	114.30	−0.4	2.63	157.51	118.24	122.67	115.55	114.75	188.52	156.51	191.11
Pacific Basin (715)	119.03	+0.0	89.26	92.55	87.29	94.33	−0.1	1.29	118.99	89.33	92.67	87.29	94.45	141.97	93.70	130.13
Euro-Pacific (1497)	130.34	+0.1	97.74	101.33	95.57	100.47	+0.0	2.69	130.19	97.73	101.38	95.50	100.46	145.21	113.80	135.64
North America (636)	168.21	+0.8	126.15	130.80	123.37	166.95	+0.8	2.98	166.93	125.31	130.01	122.47	165.65	170.31	158.70	156.08
Europe Ex. UK (554)	125.65	−0.1	94.23	97.71	92.16	93.97	+0.0	3.62	125.73	94.38	97.93	92.25	94.02	132.98	121.81	119.14
Pacific Ex. Japan (242)	155.20	−0.3	116.39	120.69	113.82	139.91	−0.4	3.80	155.72	116.90	121.29	114.24	140.52	175.31	148.00	145.15
World Ex. US (1690)	131.27	+0.1	98.44	102.07	96.27	102.38	+0.0	2.70	131.20	98.49	102.18	96.25	102.40	146.91	116.18	137.51
World Ex. UK (1984)	140.06	+0.3	105.03	108.90	102.72	122.20	+0.3	2.50	139.60	104.79	108.72	102.41	121.86	160.56	127.21	139.30
World Ex. So. Af. (2151)	143.59	+0.4	107.68	111.65	105.30	123.21	+0.3	2.80	143.05	107.38	111.41	104.94	122.81	153.05	130.04	142.49
World Ex. Japan (1739)	160.10	+0.5	120.06	124.49	117.42	142.98	+0.5	3.50	159.35	119.62	124.11	116.91	142.22	165.40	153.20	152.25
The World Index (2212)	143.70	+0.4	107.77	111.73	105.39	123.48	+0.3	2.01	143.16	107.48	111.51	105.04	123.10	153.70	120.66	143.17

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 8¾pc 1993		99⅛	—	99⅞	97⅞	8.82	10.00
10pc 1993‡‡		99¾xd	—	100½	99⅛	10.01	10.40
12½pc 1993‡‡		101⅞	—	103⅞	101¼	12.28	10.24
Funding 6pc 1993‡‡		97⅛	—	97⅞	95⅛	6.17	8.96
Treas 13¾pc 1993‡‡		104	—	105⅞	103⅞	13.22	10.10
8½pc 1994		98⅛	—	98⅛	96¼	8.67	10.08
14½pc 1994‡‡		105⅞	−⅛	108¼	105⅞	13.72	10.29
Exch 13½pc 1994		104⅞	−⅛	107⅞	104⅞	12.89	10.30
Treas. 10pc Ln. 1994‡‡		99⅞	−⅛	101⅛	98⅞	10.02	10.14
Exch 12½pc 1994		104	−¼	106⅛	102⅞	12.02	10.16
Treas 9pc 1994‡‡		98⅛	−¼	99⅞	96⅝	9.18	10.02
12pc 1995		103⅞	−⅛	105⅞	103⅛	11.55	10.10
Exch 3pc Gas 90-95		90¼	—	94⅞	88¼	3.31	6.50
10¼pc 1995		100⅞	−⅛	101¼	98⅛	10.18	9.96
Treas 12¾pc 1995‡‡		107⅞	−⅛	110⅞	106⅝	11.87	9.96
14pc 1996		110¼	−⅛	114⅛	110⅛	12.64	10.13
9pc 1992-96‡‡		98⅞	−¼	100⅛	96⅛	9.15	9.56
15¼pc 1996‡‡		115⅛	−⅛	119⅛	114⅞	13.26	10.14
Exch 13¼pc 1996‡‡		108½	−¼	112⅝	108½	12.11	10.12
Conversion 10pc 1996		100⅞	−⅛	102¼	98⅞	9.97	9.88
Treas 13¼pc 1997‡‡		111⅛	−⅛	114⅞	110⅛	11.88	10.09
Exch 10½pc 1997		102⅞	−⅛	104⅞	100⅞	10.25	9.81
Treas 8¾pc 1997‡‡		96¼	−⅛	98⅛	94	9.08	[illegible]
Five to Fifteen Years							
Exch 15pc 1997		119⅛	−⅛	123⅞	118⅛	12.57	10.07
9¾pc 1998		100⅛	−⅛	102⅛	97⅞	9.74	9.72
Treas 6¾pc 1995-98‡‡		90⅛	−¼	91⅛	88⅞	7.49	9.04
15½pc '98‡‡		124⅞xd	−⅛	129⅛	123⅛	12.41	9.93
Exch 12pc 1998		109⅞	−⅛	113¼	107⅞	10.89	9.84
Treas 9½pc 1999‡‡		100⅛	−⅛	103⅜	97⅛	9.48	9.46
Exch 12¼pc 1999		111⅞xd	—	115⅞	109¼	10.96	9.83
Treas 10½pc 1999		104⅛	−⅛	107⅞	101⅞	10.07	9.62

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Conversion 10¼pc 1999		103⅛	−⅛	105⅞	100⅞	9.94	9.63
9pc 2000‡‡		98	−⅛	100⅞	94⅝	9.18	9.39
Treas 13pc 2000		117⅛	−¼	121¼	114⅞	11.11	9.82
10pc 2001		103⅛	−⅛	105¼	99⅞	9.68	9.42
14pc '98-01		119⅞	−¼	121	116⅞	11.90	10.04
9¾pc 2002		102¾	−⅛	103½	98⅝	9.49	9.32
10pc 2003		104⅞	−⅛	107⅛	100⅛	9.59	9.27
Treas 11¾pc 2001-04		119⅞xd	−⅛	113⅞	107⅛	10.42	9.69
Funding 3½pc '99-04		67⅛	−⅛	68⅞	59½	5.29	7.72
Conversion 9½pc 2004		102¼	−⅛	104⅞	96⅞	9.29	9.18
9½pc 2005		102⅝xd	—	104⅞	96⅞	9.26	9.16
Treas 12½pc 2003-05		120	−¼	124⅝	116⅛	10.42	9.54
8pc 2002-06‡‡		91⅞xd	+⅛	93	86½	8.75	9.10
Treas 11¾pc 2003-07		114½	−⅛	118⅞	110⅞	10.26	9.52
Treas 8½pc 2007‡‡		95⅞	−⅛	97⅛	89⅞	8.87	[illegible]
13½pc '04-08		127⅞xd	−⅛	130⅛	123⅞	10.60	9.53
Over Fifteen Years							
9pc 2008‡‡		100⅞xd	−⅛	101⅞	93⅞	8.98	8.96
8pc 2009		91⅞xd	−⅛	93⅞	85⅛	8.71	8.85
Conv 9pc Ln 2011‡‡		100⅞	−⅛	102⅞	93⅞	8.92	8.89
Treas. 9pc 2012		101⅛	−⅛	102⅞	93⅞	8.86	8.86
9pc 2012 A		101⅛	−⅛	101⅞	97½	8.89	8.86
Treas 5½pc 2008-12‡‡		70¼	+⅛	70⅞	62¾	7.84	8.86
7¾pc 2012-15‡‡		88½	+⅛	90⅞	81⅞	8.86	8.83
Exch 12pc '13-'17		128½	+⅛	130⅞	120½	9.34	8.98
Treas 8¾pc 2017		98½	+⅛	101	95⅛	8.94	8.80
8¾pc 2017 A‡‡		98½	+⅛	[illegible]	[illegible]	8.88	8.81
Undated							
Consols 4pc		43⅞	—	44¼	39⅞	9.16	—
War Loan 3½pc‡‡		38	+⅛	39⅝	35⅛	8.97	—
Conv 3½pc '61 Aft		82⅛xd	—	82¾	50	[illegible]	—
Treas 3pc '66 Aft		32⅞xd	—	33⅛	29⅞	9.14	—
Consols 2½pc		27⅞xd	—	28⅛	24⅞	8.96	—
Treas. 2½pc		27¼xd	—	28¼	24⅞	8.91	—

BRITISH FUNDS - Cont.

Index—Linked	Notes (b)	Price £	+ or -	1992 high	1992 low	Yield Int. (1)	Yield Red. (2)
Treas. 2pc '94	(102.9)	128½	−⅛	127⅞	122⅛	3.48	4.93
2pc '96	(67.9)	178⅞xd	−⅛	184¼	178⅛	4.35	4.88
2½pc '01	(78.3)	141⅞xd	−⅛	149⅞	141⅞	4.68	5.00
2½pc '03	(78.8)	137⅛	−⅛	144⅞	137	4.68	4.96
2pc '06	(69.5)	138¼	−⅛	147⅛	138⅞	4.54	4.85
2½pc '09	(78.8)	125⅞	−⅛	134¼	128⅛	4.61	4.79
2½pc '11	(74.6)	131⅛	−⅛	138⅞	129¼	4.66	4.73
2½pc '13	(89.2)	107¾	−⅛	114⅛	105⅛	4.53	4.69
2½pc '16	(81.6)	118⅛	−⅛	121⅝	112⅝	4.45	4.62
2½pc '20	(83.0)	110½xd	−¼	117¼	107⅞	4.44	4.57
2½pc '24‡‡	(97.7)	91⅝	−⅛	97⅛	89⅝	4.36	4.51
4⅛pc '30‡‡	(135.1)	98¼	−¼	99¼	92⅞	4.36	4.50

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1992: 136.3 and for August 1992: 138.9

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		113⅛	−¼	118⅞	105⅝	[illegible]	[illegible]
Asian Dev 10¼pc 2009		107⅞	−¼	109⅞	100⅛	9.55	9.37
B'ham 11½pc 2012		111¼	−¼	112½	102¼	10.34	10.18
Ireland Cap 8½pc '10		91	—	92¼	86⅝	9.34	—
9pc Cap 1998		93¼	—	93¾	90	9.65	—
13pc '97-02		106½	—	116¼	103⅞	12.21	—
Hydro Quebec 15pc 2011		138¼	−⅛	141⅞	130⅜	10.78	10.24
Leeds 13½pc 2006		125¼	−¼	125	118¼	10.81	10.38
Liverpool 3½pc Irred		22¼	−¼	24	20	[illegible]	—
LCC 3pc '20 Aft		39¾	−¼	31½	27	9.76	—
Manchester 11½pc 2007		109½	−¼	111¼	103¼	10.60	10.28
Met. Wtr. 3pc 'B'		61	−¼	61¼	53	4.92	8.75
[illegible] 3⅞pc 2021		104¼	−¼	111¼	103¼	—	5.70
4⅛pc IL 2024		104⅜	−¼	110¼	103¼	—	5.41
[illegible] 12½pc [illegible]		125¼	−¼	126	121½	[illegible]	[illegible]

AMERICANS

	Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	15½xd	—	19⅛	14⅝	15,150	2.0
♥Allegheny & W		384p	-8	330p	226p	158.8	5.2
Amdahl		748p	+25	1155p	642p	835.8	0.7
Amer Cyanamid		30⅛	+⅝	37	28⅝	2,776	2.8
Amer Express		11⅞xd	—	13⅞	10	5,343	4.7
Amer T & T		22xd	[illegible]	24⅞	20⅛	29,839	3.1
Ameritech		35⅛	+⅞	36	32½	16,378	5.2
BankAmerica		22xd	+⅞	27⅛	19	7,730	3.0
Bankers NY		31⅝xd	+½	37⅛	28⅞	2,521	4.2
Bell Atlantic		24⅞	—	26⅛	23⅛	10,768	5.5
BellSouth		27⅞	+⅛	29⅛	25	13,384	6.3
♥Bethlehem Steel		8⅛xd	+⅛	9⅞	5⅜	542.9	—
Bowater		980pxd	+85	1575p	906p	357.9	6.3
CPC	h	26xd	[illegible]	25⅛	22⅞	3,939	2.4
♥Cadiz Land Inc		120p	—	342p	120p	—	—
Campbell Soup		28⅛xd	+⅛	28	17⅞	6,081	2.8
Chase Manhattan		11xd	+⅛	18½	9⅛	1,649	6.4
Chrysler		11xd	+⅛	11½	6⅛	3,234	2.8
Citicorp		8⅛xd	+½	11⅛	5⅞	2,937	—
Colgate-Palm		29⅛xd	+⅞	29	25⅛	4,848	2.2
Cont'l Bank		842p	+28	1080p	499p	859.9	3.7
Dana		20xd	[illegible]	24½	14	921.3	4.1
Data General		489p	+21	1084p	384p	154.9	—
♥Decora Inds		110p	—	122p	66p	—	—
Dun & Brad		29½	+⅛	33½	27⅛	6,889	4.0
Eaton		40⅞	+1⅛	40½	32½	1,884	2.9
Echlin		9⅞xd	+⅛	11	7⅞	557.8	3.7
FPL		18⅛xd	—	20	17	3,250	7.0
Fluor		21⅛	+⅞	27	19⅛	1,764	1.0
Ford Motor		21xd	+⅛	28⅛	15	10,408	2.4
Gen Elect		38⅝xd	+⅛	40⅛	36⅛	33,376	3.2
♥General Host		584p	+17	[illegible]	360p	—	3.7
Gillette		28⅛xd	+⅛	28⅞	23	4,444	1.3
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
■Stanhope		7½	—	15	7	24.9	5.3	7.4
■Tarmac		[illegible]	+3	161	51	480.1	12.4	24.4
‡Thor	†	[illegible]	—	170	[illegible]	18.2	3.8	12.7
■Travis Perkins		111	—	[illegible]	105	112.8	9.8	21.0
‡Tudor		[illegible]	—	[illegible]	31	3.83	1.9	—
■Unigroup		12	—	[illegible]	6½	[illegible]	—	—
Ward Group	†	[illegible]	—	[illegible]	[illegible]	[illegible]	†	2.8
‡Waterhouse		35	—	[illegible]	23	[illegible]	‡	—
■Wickes		[illegible]	—	[illegible]	53	280.2	—	—
■Wishaw		13½	-⅛	18⅛	8⅛	18.8	4.0	15.4
■Wolseley	♣	[illegible]	+10	470	287	719.8	6.3	14.3

BUSINESS SERVICES

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
■ADT $		[illegible]	+6	[illegible]	343	482.6	—	♦
Adam & Harvey		[illegible]	-5	[illegible]	[illegible]	1.86	7.2	2.8
‡Air London	†	81	—	127	81	7.35	5.3	8.0
African Lakes		34	—	[illegible]	34	2.94	7.8	8.8
■Auto'ted Sec	†	[illegible]	—	[illegible]	81	123.7	6.1	8.7
■BET	♣	[illegible]	+5	[illegible]	101	1,018	8.0	16.0
■BNB Res		[illegible]	—	[illegible]	40	14.4	10.9	7.0
BPP	†	[illegible]	—	[illegible]	[illegible]	[illegible]	3.8	14.3
Barbour Index		215	—	[illegible]	178	[illegible]	4.5	15.7
■Boustead		21	—	38½	20	17.8	4.6	49.3
■Brit Data Mangt	R	115	-3	[illegible]	111	26.8	4.6	18.1
‡Broadcastle		11	—	14	9	1.75	—	—
Brooks Service		78	—	101	[illegible]	9.37	6.9	24.9
Burns-Anderson		[illegible]	—	7	1⅛	0.83	—	—
■CRT		[illegible]	—	142	[illegible]	48.3	3.6	♦
Capita	†	342	—	422	282	51.6	2.1	19.7
■Casket		20½	+1	34	19	21.1	2.5	15.6
Chiltern Capital		[illegible]	+1	[illegible]	25½	25.2	—	—
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

Authorised by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1992 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scotish Inv	151	+2	178	147	3.9	184.6	18.1
Warrants	22	+1	38	21	–	–	–
Scot Mortgage	148	+2½	167	135	3.7	165.8	15.5
Scot National Inc	99½	–½	107	67½	17.2	–	–
Cap	17	—	42	12½	–	–	–
Stepped Pf	137¼xd	–½	142	126	6.8	–	–
Zero Div Pf	184	—	187½	166½	–	–	–
Warrants	3½	—	9	3	–	–	–
Scot Value	67½xd	+½	64	48	4.2	57.5	0.1
Sec Alliance	1113	+24	1288	1066	4.2	1395.8	12.3
Second Market	230	—	244	222	6.8	283.5	19.0
Sec Tst Scot	92½	+½	75½	61½	6.9	65.0	3.9
Select Assets	79½	—	192½	78½	1.5	122.5	35.1
Eq Ind Ser I	107	+1	123	106	5.3	–	–
Eq Ind Ser II	107	+1	123	106	5.3	–	–
Shires	194½xd	+½	240	193	12.8	185.7	–4.7
11pc Cv Ln '03/04	£101	+1	£119½	£95½	10.9	–	–
Scam Select	68	—	91	66	6.5	94.5	28.1
Warrants	10	—	21	10	–	–	–
Smaller Cos	66	—	85	65	5.1	77.1	15.0
Warrants	11	—	28	10	–	–	–
Somerset Tst	122	—	148	55	–	80.0	–52.4
Sphere Inc	19	—	28	9¾	41.3	13.1	27.4
Zero Div Pf	85	—	77¼	65	–	–	–
Sumit	31	—	58	30	5.4	91.7	66.7
TR City of Lon	103¾	+½	127½	97½	8.1	102.6	–1.1
TR Euro Growth	71xd	—	90	70	2.5	90.7	22.3
Ptg Sub	34xd	—	64	34	5.3	–	–
TR Far East Inc	85	—	96	76	6.9	92.1	7.7
Warrants	14	—	32	12	–	–	–
TR High Inc	96	—	118	91	8.4	94.3	0.7
Sub	22	—	38	21	9.1	–	–
TR Pacific	71½	–¾	89	70	8.5	83.9	14.8
TR Prop	15	+¼	27	14¾	12.9	28.1	46.7
TR Smaller	101½	+1½	132	100	4.9	121.9	16.8
TR Technology	21	—	37	19	11.1	56.9	63.1
Stepped Pf	98	–½	102¼	89¾	7.8	–	–
Zero Pf	173½	—	186½	154½	–	–	–

MEDIA - Cont.

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
TVTR	48	—	65	46	3.26	9.9
WPP	31	—	115	31	69.4	–
Warrants	3	—	8½	1½	0.15	–
Watmoughs	487	—	488	391	143.6	3.2
Yorkshire Tyne-T	148	—	191½	145	73.5	10.8

MERCHANT BANKS

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Ansbacher (H)	31	—	34	26	57.9	–
Baring 8pc Cm 2nd Prf	97	—	100	83½	12.1	11.0
9¾pc Non-Cum Prf	118	+½	128	103¼	47.2	11.0
Brown Shipley	52	—	204	50	8.29	–
Close Bros	285	–3	307	205	78.8	5.7
Hambros	286	–1	292	202	364.8	9.0
7½pc Cv Pf	94xd	+1	119	91½	141.8	10.6
Joseph (L)	308	—	333	308	16.2	6.9
Kleinwort Benson	285	+2	324	212	386.4	9.1
Rea Bros	28	+1	37	25	11.4	2.3
Schroders	1185	—	1365	1043	585.1	2.1
N/V	988	—	1158	883	127.1	2.5
Singer & Fried	36	—	58	34	69.3	9.5
Warburg (SG)	434	+2	695	403	807.8	5.5
6pc Cv Pf	146	–½	204	137	61.7	5.5
Wintrust	213	—	253	208	18.1	5.8

METALS & METAL FORMING

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
ASW	60	—	185	58	39.4	‡
Apollo Metals	101	—	147	100	11.8	4.6
Ash & Lacy	136	–2	188	136	38.8	6.3
Barrett (H)	12	—	46	12	8.27	‡
Billam (J)	110	—	144	84	1.78	5.2
Brit Steel	61½	+2	86	46	1,030	11.7

INVESTMENT COMPANIES

MISCELLANEOUS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

OIL & GAS

MOTORS

MEDIA

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

STORES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FINANCIAL TIMES
Weekend September 12/September 13

Honda pulls out as teams and drivers jostle for position

Wheeler deals at Formula One

By Steven Butler in Tokyo and John Griffiths in London

THE multi-million pound Formula One soap was in something of a spin yesterday as it gathered for this weekend's Italian grand prix at Monza.

Yesterday's announcement by Japanese car maker Honda that it will withdraw from grand prix motor racing – which it has dominated with McLaren cars for most of a decade – at the close of the current racing season in November, was only part of a plot even Dallas audiences might have found hard to swallow.

Such is the brouhaha over the future of top drivers and teams that tomorrow's gruelling 250-mile race could be relegated to a sideshow.

Behind the curtains of their giant American motorhomes in the Monza paddock, executives of such big corporate sponsors as Benetton, the Italian clothing group, and tobacco giant RJ Reynolds, who annually sink hundreds of millions of pounds into grand prix racing, were gleefully contemplating such publicity-rich cliffhangers as:

- Will ace British driver Nigel Mansell stay with the Williams-Renault grand prix team for next season despite having just become 1992 world champion?
- Will Ayrton Senna, the brilliant but disillusioned Brazilian driver and winner of last year's championship leave McLaren and drive for Williams for free?
- Will Williams offer Senna Mansell's slot if the British champion leaves them and will Frenchman and former three-times world champion Alain Prost, whose contract with Williams excludes Senna as a possible team-mate, blow a gasket if that happens?

In the hot seat: Nigel Mansell may switch to a new grand prix team next year

Last night McLaren was understood to be preparing a statement disclosing the identity of a new engine supplier and Mansell, after dominating practice yesterday, hinted that his negotiations with Williams would probably be resolved over the weekend.

The size of his retainer – a mere $10m last year – appears to have been the main stumbling block as well as a precise condition for working with Prost.

But an even more potent player is waiting in the wings. American Michael Andretti, son of 1978 world champion, Mario Andretti, has been signed to drive for McLaren next year, having just been crowned Indy/Cart champion, North America's equivalent of grand prix racing.

The signing of Andretti is likely to spark a major resurgence of interest, with the prospect of big new injections of US sponsorship cash and potentially lucrative broadcasting contracts.

For Honda, struggling in the face of flagging sales and image fortunes in North America, that would be deeply ironic.

The company's decision to withdraw is a sign of changing times for Japanese car makers, which have been battered by falling sales and plunging profits.

Mr Nobuhiko Kawamoto, Honda president, denied the decision was aimed at saving money, but said the 100 engineers working full time on the racing effort were needed elsewhere in the company, in part to bolster research and development efforts relating to the environment.

Mr Kawamoto showed not a trace of emotion – or irony – as he announced a decision similar to one that almost drove him from the company 25 years ago. Mr Kawamoto, as a young engineer, was in the midst of designing an F1 engine in 1968 when Honda decided to withdraw from racing. He was so disgusted he stopped coming to work for several months and nearly resigned.

THE LEX COLUMN

A suspect revival

It would probably be best to be wary of yesterday's 30.3-point rise in the UK equity market. The sudden revival of the dollar may be of real benefit to companies like Reuters and Glaxo with large markets in North America. It is premature to expect it to put an end to the troubles of the pound in the ERM, and hence to the interest rate alert. The market may have been deceiving itself if that was its reason for marking up the clearing banks by over 3 per cent – and getting on for 5 per cent in the case of Barclays. There are still formidable obstacles in the way of a sustainable recovery.

The immediate problem is the French vote on Maastricht. No one can yet say exactly how that will turn out, although the market seems to have factored a weak "yes" vote into its expectations. The assumption is that this, too, would calm the exchange markets. Perhaps so, but Italy's economic problems will not easily go away whatever France decides. So strains in the ERM may resurface, and sterling would again be vulnerable. However forthright the prime minister in his language, the government has displayed with its actions a deep reluctance to raise interest rates.

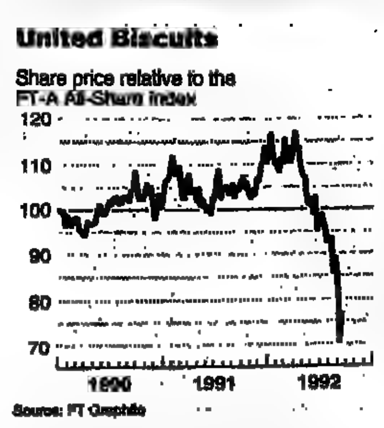
Besides, it is not *as if* there were much to cheer about in the real economy. BTR's description of the landscape as a desert may linger in the memory, but this week has seen one dismal trading statement after another. At this point investors should be past applauding an extra fraction of a percentage point off the inflation rate. A spot of economic recovery would be much more reassuring.

United Biscuits

Even after yesterday's 24p bounce in the shares it is worth recalling that UB has lost 40 per cent of its stock market value since mid April. Investors were understandably relieved that the wilder rumours about first-half trading were wide of the mark, and justifiably impressed by a performance – Keebler aside – which saw margins in the UK and continental Europe maintained. As the recent re-rating implies, though, strategic problems in the US will not be easily resolved, and *competition can only intensify in other recession-hit markets.*

To be fair, there is no air of complacency about Keebler. Costs have already been cut and there may be more to come; sales are running 8 per cent ahead of last year thanks to better promotion; and new products will

FT-SE Index: 2370.9 (+30.3)



Source: FT Graphite

help the second half. That said, UB is up against powerful rivals in Nabisco and Pepsico, whose margins are three or four times greater. They will not presumably stand idly by while Keebler attempts to win back market share. The question of whether UB is *of sufficient size to be a national* player in the US may worry investors for some time.

Its dominance at home, by contrast, is demonstrated by McVitie's ability to achieve good biscuit profits without chasing volume. The pressure is on, though, from the likes of Burton's (ABF) so there is unlikely to be any substantial improvement in the second half. Not so long ago an 8 per cent yield would have seemed a slight for one of the sector's quality players – but given the thinnish dividend cover the market is right to be cautious.

Nestlé

It is difficult to read too much for the future into Nestlé's interim results. Perrier will only be consolidated from the current half onwards, and the remainder of 1992 is beset with uncertainties over exchange rates. Nestlé derives about a quarter of its sales from the US and a sizeable additional chunk from countries whose currencies are in some way dollar-linked. So exchange rate movements will inevitably trim sharply the *16.5 per cent growth in earnings per* share achieved in the first half.

That said, Nestlé has certainly turned in an impressive performance both on volumes – up over 4 per cent excluding Brazil – and on operating margins which have risen from 9.1 to 9.8 per cent. That North America was particularly strong is some consolation for the weak dollar. More generally, Nestlé appears to be reaping the benefits from its recent restructuring. As for Perrier, earnings dilution this year should be minimal. Next year it could start making a positive contribution, given the scope for margin improvement.

Even at present dollar levels, it is hard to see Nestlé's earnings growth slowing to less than 8 per cent. In that case it should easily outstrip Unilever, although such a comparison must include all the usual caveats about accounting differences. The share *price is still doubtless distorted* by the share split which has finally brought the paper within reach of retail investors. None the less, at yesterday's close of SFr952, the bearer shares do not look expensive.

Tarmac

Tarmac's announcement that it is cutting a third of its brick production and a tenth of its concrete block output is welcome news for an industry plagued by overcapacity. The depressing reality, though, is that this is only a partial solution for the company, while several competitors must be thinking of following suit.

The ideal solution for Tarmac would have been a joint venture with Steetley, but this proposal was trumped by Redland's bid. As a result the costs of withdrawal now have to be taken unilaterally, though the assumption is that last year's £18m provision should be sufficient to cover the bill. Mutterings about mothballing some of the plant, moreover, should protect the balance sheet: the company can presumably argue that there is no need for a write-off. Since it has only 5-6 per cent of the market and is unable to take a more aggressive stance, one nevertheless wonders whether Tarmac should be in the brick business at all.

Yesterday's announcement obviously raises the prospect of similar moves from the likes of Ibstock Johnsen and London Brick. There will always be a temptation to hang on and try to poach market share, but with Redland in the background that may not be prudent. Ironically, the controversial practice of acquisition accounting provides Redland with a spur to take the right commercial decision. The company is expected to signal hefty restructuring provisions against Steetley when it reports its interim figures next month, enabling it to speed up rationalisation of the sector.

Pressure on lira and sterling grows

By James Blitz and Robert Graham

BOTH THE Italian lira and sterling remained under intense pressure in the European exchange rate mechanism yesterday despite a strong rally by the dollar against the D-Mark.

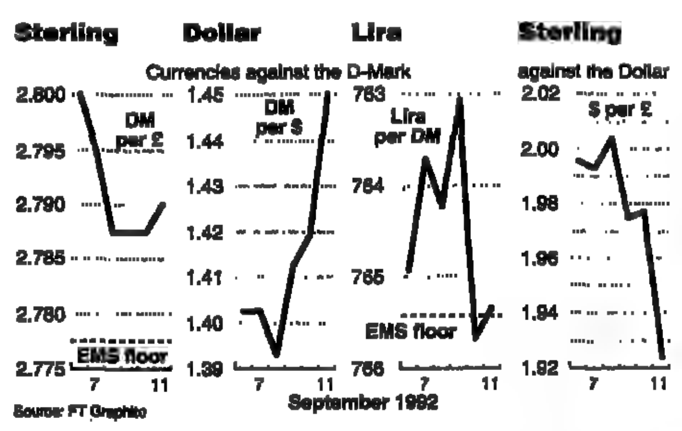
The dollar rose by more than 4 pfennigs against the German currency, touching DM1.4535 in US trading and closing at DM1.4500 in London – its highest close in three weeks.

Previously a rise in the dollar was accompanied by renewed investment in the lira and sterling, as dealers trim their holdings of D-Marks. However the Italian lira was still weak yesterday, closing at L765.2 against the D-Mark in London, despite intervention on its behalf from the Bank of Italy and the Bundesbank. The lira's ERM floor against the D-Mark is L765.4.

Sterling again hovered near its ERM floor of DM2.7780, but closed at DM2.7900.

Neither the German nor Italian central banks were prepared to reveal the scale of their intervention to support the lira yesterday, but some dealers suggested that it was very high and had cost several billion D-Marks. This support operation was on a similar scale to one that was mounted last Friday.

The dollar's rally was not due to any concrete developments, but some dealers suggested the Bundesbank might be forced to cut interest rates this year.



Source: FT Graphite

Wild days here again, Page 6
Currencies, Page 11

Mitterrand's illness increases speculation about his future

By Robert Mauthner in Paris

PRESIDENT François Mitterrand was reported yesterday to be in "satisfactory" health after undergoing prostate surgery.

A medical bulletin said the operation on the 75-year-old president had taken place "normally".

The surprise announcement came only nine days before the French referendum on the Maastricht treaty next Sunday.

Presidential aides said Mr Mitterrand would stay in hospital for four to six days, but he firmly intended to cast his referendum vote in person and attend the Franco-African summit in Gabon in the first week of October.

The officials' soothing words, however, are unlikely to dampen speculation about the president's political future, which was already rife before the operation.

While they insisted that some 80,000 Frenchmen underwent successful prostate interventions every year, clinical tests still have to establish whether Mr Mitterrand's complaint was benign or whether he was suffering from a malignant tumour.

Even if he recovers quickly, those Mitterrand supporters who would like to see him run for a third term at the next presidential election in 1995 must now consider the chances of this happening as greatly diminished.

Mr Mitterrand's ill-health also makes it more likely that he would resign in the event of a No vote in the referendum, though he has repeatedly avoided committing himself to any course of action if that happens.

It was not clear what effect the president's temporary incapacity will have on the referendum campaign in which he has played a crucial part.

His impressive performance in a television debate nine days ago, at a time when the No campaigners had established a clear lead in the opinion polls, completely reversed the trend.

Voting intentions since then have indicated that a majority of the electorate favour ratification of the Maastricht treaty, though that majority, substantial just after Mr Mitterrand's TV appearance, is now slim.

The most recent Louis Harris and CSA polls, published last night, respectively give the Yes camp 54 and 52 per cent of the vote, with only eight days of the campaign still to go. The publication of official polls will be banned from midnight tonight until voting day.

Smith faces tough line from MPs

Continued from Page 1

are also thought by some at Westminster to have contributed to the higher profile of the Euro-sceptics.

Labour officials played down the MPs' statements, arguing that, for example, Mr Gould's stance on the ERM was well known and had not found much support during his unsuccessful challenge for the party leadership.

Mr Blunkett's call today is for European policy to take a new direction, in order to "root out racism".

In its present form, The Maastricht treaty risks reinforcing genuine worries that control is slipping away from ordinary people, which could lead to a rise in alienation and fear among British citizens, he argues.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Continental AG	242.5	+	5.5
Hochtief	970	+	25
Holzmann Ph	845	+	40
Falls			
Asko	590	–	25
Rheinmetall Ber	233	–	5
Thyssen	190.5	–	4.3

New York ($)

Rises			
Castle Energy	3 ¾	+	⅞
Electronic Arts	31 ¼	+	1 ¾
Medtronic	88 ¼	+	2 ⅞
Sunrise	22 ¾	+	2
Falls			
Ford	40 ¾	–	⅝
Morgan Stanley	48 ⅞	–	¾

New York prices at 12.30pm

Paris (FFrs)

Rises			
Cogifi	338	+	26
Peugeot	619	+	26
Radiotechn	410	+	22.5
Seb SA	404.9	+	21.9
Falls			
Hachette	103.8	–	2.1
Roussel-Uclaf	390.2	–	27.8

Tokyo (Yen)

Rises			
Nippon Elect	530	+	50
Nitto Seimo	637	+	60
Falls			
Fuji	630	–	100
Gazoen Kanko	388	–	62
Janome Sew Mch	393	–	48
Japan Sec Fin	1250	–	170

London (Pence)

Rises			
ASDA	30½	+	3½
Argon Intl Res	33	+	3
Assoc Brit Ports	230	+	17
BPB Inds	137	+	12
Enterprise Oil	328	+	11
Euro Disney	865	+	22
Glaxo	767½	+	21½
Invernia West	43	+	4
Lloyds Bank	411	+	13
Partridge Fine Art	58	+	5
Redland	333	+	12
Spring Ram	115	+	11
Tarmac	59	+	3
Taylor Woodrow	43	+	5
Utd Biscuits	259	+	24
Wellcome	869	+	21
Falls			
Arjo Wiggins	180	–	8
Allen	83	–	7
Kalon	79½	–	4
Pilkington	79	–	5
Queens Moat Hses	41	–	4
Stag Furniture	86	–	7
Swallowfield	103	–	7
Tiphook	223	–	17

World Weather

UK Today: England and Wales will be mainly dry at first with sunny spells, especially in the east. A few showers in Northern Ireland, spreading north east. Showers, sunny intervals and gales in Scotland

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Cairo	S	32	90	Inverness	R	12	54	Milan	F	24	75	Salzburg	C	22	72
Ajaccio	S	26	79	Cape Town	S	17	63	Isle of Man	F	13	55	Montreal †	S	13	55	S'Francisco †	C	17	63
Algiers	S	37	99	Cardiff	F	13	55	Istanbul	F	24	75	Moscow	F	15	59	Seoul	S	26	79
Amsterdam	R	19	66	Chicago †	S	9	48	Jersey	S	15	59	Munich	S	23	73	Singapore	F	30	86
Athens	S	29	84	Cologne	S	23	73	Johannesburg	S	26	79	Nairobi	F	24	75	Stockholm	S	19	66
Bahrain	S	35	95	Copenhagen	S	19	66	Las Palmas	F	24	75	Naples	S	29	84	Strasbourg	S	24	75
Barcelona	S	25	77	Corfu	S	17	63	Leeds	F	13	55	Nassau		–	–	Sydney	S	20	68
Beijing	R	21	70	Dallas †	F	20	68	Lisbon	F	24	75	Newcastle	C	13	55	Tangier	S	25	77
Belfast	C	9	48	Dublin	R	13	55	Locarno	S	22	72	New Delhi	F	31	88	Tel Aviv	F	30	86
Belgrade	S	28	82	Dubrovnik		–	–	London	F	18	64	New York †	C	19	66	Tenerife	S	25	77
Berlin	S	21	70	Edinburgh	R	11	52	Los Angeles †	C	18	64	Nice	S	24	75	Tokyo	F	29	84
Biarritz	C	20	68	Faro	S	25	77	Luxembourg	F	21	70	Nicosia	S	31	88	Toronto †	S	10	50
Birmingham	F	14	57	Florence	F	27	81	Madeira	F	23	73	Oporto	S	21	70	Tunis	F	34	93
Blackpool	C	13	55	Frankfurt	F	21	70	Madrid	S	27	81	Oslo	C	16	61	Valencia	F	28	82
Bombay	F	29	84	Geneva	S	23	73	Majorca	S	29	84	Paris	S	21	70	Vancouver †	F	13	55
Bordeaux	F	22	72	Gibraltar	S	24	75	Malaga	S	26	79	Perth	F	19	66	Venice	S	25	77
Boulogne	S	18	64	Glasgow	F	12	54	Malta	S	32	90	Prague	S	23	73	Vienna	S	23	73
Bristol	F	13	55	Guernsey	S	15	59	Manchester	C	13	55	Reykjavik	S	8	46	Warsaw	S	19	66
Brussels	F	21	70	Helsinki	S	18	64	Melbourne	R	9	48	Rhodes	S	29	84	Washington †	C	20	68
Budapest	S	24	75	Hong Kong	F	31	88	Mexico City		–	–	Rio de Janeiro		–	–	Wellington	C	8	46
Buenos Aires		–	–	Innsbruck	S	23	73	Miami †	S	27	81	Rome	S	28	82	Zurich	S	22	72

Temperatures at midday yesterday. † Noon GMT temperatures. C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

Weekend FT

SECTION II

Weekend September 12 / September 13 1992

Blind justice for the world's wild creatures

The Greens hold that all animal life is sacrosanct. But is human emotion blinding man to the harsh reality of wildlife conservation, asks ***Michael Wigan***

IN SPITE OF the traumas of the Green Party, whose annual conference this weekend is overhung by the resignation of half its executive committee, the influence of nature conservationists has never been higher.

The Green movement's dilemma is that many of its proposals would require higher prices, raised taxes; even an economy of zero growth. Fundamentalists refuse to make the compromises which "light" Greens think are needed to drum up popular support. But can the movement's "thou shalt not kill" philosophy really apply to the conservation of wild animals?

Frequently in this debate, being "wild" is not enough. Everybody loves a fawn, and apparent defencelessness. Furriness is better media material than scaliness – as zoo keepers know. Popular support for the cause of wildlife is reinforced constantly by nature films, but many, alas, promote sentimental attitudes which usurp rational decisions on wildlife management based on practical knowledge.

In a recent television programme on Epping Forest, north east of London, the footage was cut and mixed to show a deer calf being mothered in a sun-dappled glade, the whole pretty scene approved by a watching fox and an owl in a tree. Nature's dynamic had been turned upside down to provide viewers with a syrupy – but dangerous – emollient.

The real story is very different. The countryside has never been so tamed, so trimmed to suit the purpose of man. Yet it is increasingly alien territory to urban visitors, so much so that a Berkshire farmer has been instructed to remove scarecrows which were frightening ramblers.

To take another example, the number of Canada geese in London parks is approaching crisis point. This fact produces columns of letters to newspapers suggesting solutions which are disturbing in their blend of concern for wildlife management – and their utter ignorance of that same subject. The fact that the parks' vegetation is unable to support more birds appears incomprehensible to most writers. Deceived by the park-keepers' clever presentation of an artificial mix and density of waterfowl, commentators are horrified when a goose cull is proposed.

In Noah's Ark we started with a myth of wildlife harmony; in doctored television films (misnamed "documentaries") we consolidat. it. Once the criterion for judging culls of birds and animals was "sustainable development": if a habitat could sustain only a limited population of a particular species, culling would be acceptable. This is fast changing. The World Wildlife Fund now opposes killing whales on the grounds that it is simply *wrong*. But if this applies to whales, why not also to mackerel?

Humans have always given different values to different forms of wildlife. Unfortunately, the attribution of these values is entirely anthropomorphic and has nothing to do with objective standards. This tension between sentiment, ideals and practicality is part of the problem facing the Green movement. It makes it extremely difficult for man to play God with nature.

So, whales, seals and puffins are now described in conservation circles as "charismatic" species. Whales, to be sure, are complex sentient beings whose mystery is deepened by their faraway haunts. Puffins are probably complex sentient beings too, but primarily they have pretty bills. But other equally striking species – for example the red deer in Scotland – are currently environmental "bad guys" because they chew and destroy hardwood trees.

Then how should environmentalists take the life and death decision about whether an animal deserves to be preserved or culled? The credentials of each species oscillates wildly. Not long ago sheep and their grazing habits were seen to be the principal enemies of heather moorland. Now sheep are too closely associated with bankrupt or suicidal farmers to be a target.

There is frequently a hidden social criterion in the vogues of environmentalism. Today in the UK the vast population of rabbits might seem an uncontroversial target for suppression in order to protect the habitat. Conservation bodies are silent about rabbits, not wishing to encourage sport-killing. Rabbits can kill young trees even in spite of the fencing which keeps bigger animals out – but then, so can field voles. A pogrom against voles? Hardly.

In Africa, the best friend of natural bushland is the tsetse fly, which spreads diseases affecting herbivores. Although cattle ranchers are trying to eradicate the fly the malarial tsetse remains unchampioned, even though its survival is vital to the African bush. Domestication has made the destructive rabbit seem friendly; the valuable tsetse fly remains a hostile alien.

The public idea of what makes an animal or bird ecologically "good" have much less to do with its true characteristics than with the human perceptions of that animal or bird. The fox, for example, attracts sympathy in spite of its undoubted destructiveness. Australia's 5m foxes have so far eradicated 16 native species. Foxes are one of the few carnivores which kill for fun, and joy-killing is a biological oddity. British sympathy with the fox results from a stronger dislike of its horse-riding oppressors.

The Royal Society for the Protection of Birds (RSPB) has recently made a brave decision concerning foxes. Its programme to reintrodnce capercaillie to its Highland estate of Abernethy was being frustrated by large numbers of the birds' predators – foxes and crows. In spite of the problems of persuading its 800,000-strong, mostly urban, membership of the rightness of the policy, the society has decided to experiment with predator control.

Abernethy remains a sensitive case because it is in the Cairngorms, presently the site of a complicated tug-of-war between developers, traditionalists, and fringe Greens. There have been fierce protests at the recent decision at Balmoral to fence out red deer in order to save the ancient Caledonian pine forest of Ballochbuie. No one disputes the rightness of the objective. But local conservationists have said that capercaillie and other game will be killed flying into the deer fence. Nobody troubled to look at the traditional use of deer fences in capercaillie forests, in which heather was tied to the top wires so that the birds could see them. Local game managers, approaching the job without prejudices, are one step ahead in their use of wildlife-friendly anti-cyclone fencing, which pushes in when hit, then bounces back.

Indeed, in spite of the silliness of the extreme "dark" Greens, it is widely recognised that in an environment created by man, man has a responsibility to exercise control and to maintain healthy balances. This has produced some ethical teasers. On one occasion the RSPB killed many predatory gulls, which were multiplying in large numbers, in order to save a rare species of tern. Recently, another rare tern colony has been protected from kestrels by providing the predators with alternative food supplies.

These pro-active interventions would appear to make sense in a world too often overheated by ill-informed sentimentalism. But what action is appropriate on the Shetland island of Foula, where calcium and phosphorous-starved sheep have been eating young seabirds? Do we have the right to stamp on this evolutionary oddity, or not?

Moreover, the selective favouritism in our attitude to God's creatures is never more strained than when under pressure from his premier creation: man. In Canada, the authorities would yield position to few countries in their commitment to species conservation and professionally-managed wildlife systems. But the controls on hunting and fishing permits, the sale of game meat and fish (both prohibited), and habitat protection apply only to white Canadians. The native peoples – Eskimos and Indians – are exempted from both seasonal hunting restrictions and from hunting quotas. A native person can slaughter any animal, at any time, in any quantity, with any weapon.

The result of the free-for-all is that animals are killed – and simply dumped. In Saskatchewan, thousands of slaughtered caribou were abandoned to rot after only their tongues had been removed. Yet the freedom from hunting restrictions in Canada is meant to be for "subsistence" purposes. In reality, practical wildlife management is being heavily compromised by this exemptions system.

North Canadian peoples have also been the unfortunate victims of ill-conceived animal welfarism from a distant continent. When the EC banned harp and ring seal imports in the early 1980s, activists who had campaigned for the ban deprived the Canadian Indians and Eskimos of their main trading resource and condemned them to a shrunken existence.

One consequence of the ban is that seal populations, which were never in any danger, have multiplied exponentially. Canadian fishermen complain that the seals are now putting fish stocks under extreme pressure.

The seal issue has resonance for British fishermen, many of whom report that grey seals are now following fishing boats out from harbour and chasing fish as the nets draw them in. Sport anglers have had fish seized from their hooks. But the government is powerless to act. The volume of protest against the last government-initiated cull of grey seals in the late 1970s stopped that cull and established that, regardless of what potentially harmful biological imbalances developed, seals could no longer be managed rationally in Britain.

This was an extraordinary debacle. The grey seal was not rare, was neither a commercial nor sport species, was only being culled to protect the livings of local fishermen and is, biologically-speaking, the most savage marine predator of its size. Its dewy-eyed facial resemblance to a labrador was said to be the chief reason for its power to stir public sympathy.

This is just one example of the drift of public attitudes to wildlife: towards the view that *no* wild creature should be used for *any* human purpose. This essentially quixotic and romantic ideal could only arise from an affluent and urban society. It represents the ultimate detachment from nature, for it follows that we must grow, in increasingly artificial conditions, all dietary protein. This development is rushing ever onwards, with the growth of genetically-refined farmed red deer, bison, elk, salmon, lobsters, halibut, and so on.

We call the evolution from harvesting wild stocks an escape from barbarism and believe we are being conservationist. Meanwhile, we labour harder to provide more naturally-produced foodstuffs, simulating wild conditions while at the same time eschewing products taken from the wild.

The irony is that the original trappers and hunters – the killers – were the ones with the true, hard-earned knowledge of wildlife. They were the humans with a vested interest in the conservation of wild species, for next year's crop, and the next generation, depended on it. Ours – the would-be conservationists – is ceasing to.

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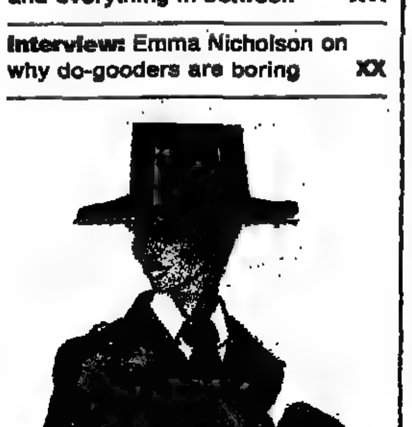


The Long View / **Barry Riley**

Copycat consensus

JUST HOW does your company's pension fund manager decide the investment strategy that could determine the standard of living you will enjoy in your retirement? Does he scientifically study all possible investments and select a balanced portfolio according to an elaborate analysis of return and risk, making changes according to circumstances?

The answer in most cases is no. What he does instead is to monitor what other pension fund managers are doing. He copies the average portfolio, adding enough minor variations to justify charging "active" management fees.

Nearly all British pension fund portfolios now closely track the consensus. The weightings of all the components of a portfolio, whether whole asset categories (such as bonds or UK equities) or individual stock holdings, are continually monitored and checked against the average weightings.

If you ask an investment manager to explain this procedure he will probably say that the consensus portfolio represents the accumulated wisdom of hundreds of senior investment professionals. *Moreover, the approach works.* Pension funds have performed exceptionally well during the past decade or so, easily beating minimum investment targets. This has allowed widespread upgrading of benefits at the same time as permitting many British companies to reduce or eliminate their pension contributions for years at a time.

But there is another explanation. It is that investment managers – and pension fund trustees who hire and fire them – are driven by inappropriate risk criteria. They are terrified that *their investment returns might differ* widely from those of the average pension fund. In fact the liabilities of pension funds are extremely long-term, and short-term volatility should be of little importance to scheme members. Managers and trustees, nevertheless, see big commercial and personal risks to contracts and jobs. So they are driven to the safety of consensus.

In a world of increasingly disturbed financial markets a vital question is now raised by all this. *What happens if the consensus is seriously wrong?*

Logically speaking, if everybody copies everybody else it is impossible for the consensus strategy to change at all. In practice there will no doubt be small divergencies allowing slow shifts. Also, pension funds will be affected by external forces. If equity markets rise, as they did in the 1980s, exposures to equities will reflect that. And in the late 1980s the British government was eagerly buying back its long-dated gilts, so the decision of the pension fund managers to reduce their exposure to gilts was effectively taken *for* them.

Nearly all the change in portfolio structure during the 1980s was explainable by such external factors. The only substantial positive decision by managers appears to have been the move to build up overseas equities from 5 per cent to over 20 per cent of portfolios.

Until the early 1980s British pension fund portfolios were reasonably well diversified across equities, bonds and property. This is still the pattern for pension funds overseas, in the US and Continental Europe. But the strategy in the UK has now reached an extreme. According to Caps, an independent measurement company, exposure to equities (UK plus overseas) stood at a record 83 per cent at the end of June. Investments in bonds and property are small.

Such an asset allocation may have made sense in the fast- growing and often inflationary 1980s but it now looks grotesque. Although it is almost two years since the UK entered the exchange rate mechanism of the European Monetary System no strategic adjustment at all has yet been made by British pension fund managers. Yet it was clear at the time that bonds would become better value and offer decent real returns, and indeed since the end of September 1990 the total return on gilts has been about 43 per cent while UK equities have only returned 28 per cent. As time has gone on the comparison has become even less flattering for equities. Over the past year the return on equities has been minus 9 per cent but on long gilts it has been plus 17 per cent.

You can argue that the UK will soon be forced out of the ERM and then the equity market will roar ahead again. Long-term pension fund strategists, perhaps, are simply brushing aside a temporary political diversion. But whatever the future of the sterling-DM exchange rate there is unlikely to be a simple return to the economic climate of the 1980s.

There has been a change in the investment fundamentals over the past two years to which pension funds surely ought to have measurably responded. It is the absence of any such flexibility which suggests that the worship of the consensus has paralysed the pension fund investment process.

We are dealing here with shifts in mass psychology. Until the 1960s equities were scarcely thought to be suitable investments for pension funds at all. Now the conventional wisdom is that *only* equities are natural pension fund assets.

Of course, any investor in the stock market has to be prepared for a bad year, and pension fund trustees will probably not worry too much if their portfolios make a minus return this year when they could have earned a safe 10 per cent by putting the money on deposit. But another year of weak share prices and falling dividends (which have dropped 1.4 per cent over the last year in nominal terms on the All-Share Index) might cause restlessness.

It may never happen. But the danger is that the herd will attempt to shift from one consensus position to a radically different one. If tens of billions of pounds are on the move the impact on asset prices could be highly disruptive.

You may have cause to hope that your company's pension fund manager *can keep a little ahead of the crowd.*

MARKETS

London

Doing it the Swedish way

By Maggie Urry

"A fixed exchange rate is the cornerstone of our low-inflation policy. Interest rates will remain high as long as necessary which, I hope, is not too long."

NO, THIS was not John Major's latest attempt to defend the pound with nothing stronger than an after-dinner speech. These are the words of Mrs Anne Wibble, the Swedish finance minister. And she is not one to wobble. When the Swedish currency looked under threat this week, overnight interest rates went up to the annual equivalent of 75 per cent. The effect on long-term rates is much smaller – mortgage rates have risen a mere 5 percentage points to 22½ per cent. UK mortgage payers, take note.

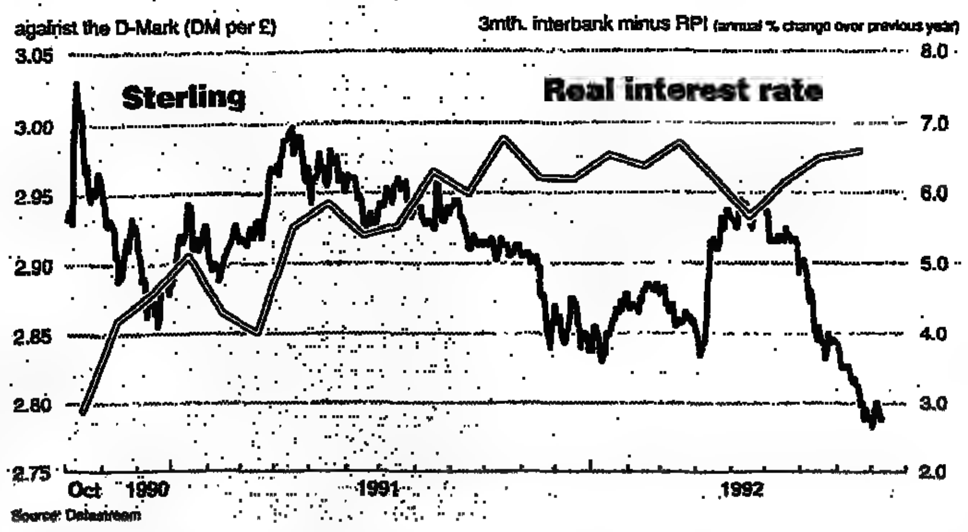
There is a lesson for the UK in the Swedish move. If a government has to put rates up to defend its currency, a half-hearted increase will not do the trick. Indeed, too small a rise will only make matters worse as currency speculators take it as a sign of weakness, not strength, and keep on pushing for more. If rates have to go up at all, what is needed is an increase large enough to leap-frog the currency traders' expectations and show a determined face to the world.

If the UK government really has decided not to devalue sterling – and that remains in doubt, since the history of devaluations is that governments always say they will not until they do – what options are left to Major and chancellor Norman Lamont?

There are three. First, Major can try to talk his way out of it, as he did on Thursday night at the Scottish CBI dinner.

The prime minister's readiness to stake his career on the government's handling of sterling's problems – and, at the same time, stake your job, my mortgage and the entire British economy – is not likely to prove a terribly effective signal to the foreign exchange markets in all but the short term. Indeed, the pound barely perked up yesterday.

The next thing is to dream up some more whizzy schemes, like last week's deal to borrow D-marks in order to buy sterling. That did little more than buy some time for the pound. That, and a rather weedy promise not to increase interest rates – *unless circumstances change* – extracted from the Germans last weekend, kept sterling above DM 2.80 until about Monday lunchtime.



Source: Datastream

The third option is a sudden interest rate rise, although perhaps not quite of the magnitude of the Swedish increase. A bold enough move would keep the pound in the exchange rate mechanism (ERM).

It seems that the government's strategy is to try to cling on without raising interest rates until the result of the French referendum on Maastricht is clear. Voting takes place next Sunday.

As the week closed, it was looking likely that the pound could hold out that long, helped in part by news of another decline in the inflation rate; that the French were inclining towards Yes; and that the stock market was recovering. *But the market is once* again fixing on a moment and not looking beyond it. While many have asked what would happen if the French voted No – and assumed it would be bad news for sterling and, indeed, the entire ERM – few have considered what would happen after a Yes vote beyond thinking that everything would be hunky dory again.

In fact, a Yes vote could still be bad for sterling. It could be compared with the excuse of the dollar. This said that the pound's weakness against the D-mark was not sterling's fault but the dollar's. Then, the dollar recovered yesterday and sterling did not.

Sterling's problems go beyond those of most of the ERM currencies, barring Italy, and a Yes vote will not drive them away. Expect a bout of euphoria followed fairly swiftly *by a reassessment of the out*look for the pound. That might be the moment when interest rates have to go higher.

It would, however, be about the worst news the UK economy could have, even after being described this week by Sir Owen Green, chairman of BTR and a veritable captain of industry, as a desert.

Real interest rates have, in any case, been rising ever since sterling joined the ERM in October 1990, as the chart shows, even though actual rates have fallen. Higher nominal interest rates, as well, would probably turn recession to slump and certainly drive the stock market lower.

This week's stream of company news has not of itself been wholly bad. The likes of Glaxo, Prudential, Cadbury Schweppes, Rugby and RTZ managed to increase profits. *But the message is in the statements of many company chairmen.* Summarised, these say: the economy is not getting better, there is no sign when it will get better and, if anything, it is getting worse.

Consensus forecasts for gross domestic product, the simplest measure of the economy's health, have been revised down once more and now centre on an 0.8 per cent fall this year. Consumer confidence has fallen again and indications of retail sales in August were dismal.

Yesterday Tarmac, the building materials group, announced closures and redundancies in its bricks and blocks business as it tries to sort out overcapacity in the industry. This is capacity which could be lost permanently to the British economy.

The building sector and the *food industry have provided* much of the depressing news this week. Dividend cuts from Wimpey, Taylor Woodrow and Amec, with the first two announcing losses as well, suggest those companies can see no end in sight to the gloom. In food, Hillsdown, Booker and United Biscuits showed that this sector could disappoint, too.

All this in pursuit of low inflation. Yesterday's inflation figure, showing an annual 3.6 per cent increase in prices, gave shares a boost. Compare that with Swedish inflation of 2.2 per cent. But, one asks, where is the victory in cutting *inflation if the result is an eco*nomic desert? And what are the chances of keeping inflation down when, or if, economic growth eventually returns?

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2370.9	+8.7	2737.8	2281.0	Dollar rally
AMEC	60	-6	182	57	Int profits down 52% / div halved
BTR	430	+18	507	385	Increased interim profits
Blue Circle	135	-25	284½	126	Steep fall in profits
Booker	334	-34	490	316	Disappointment over figures
English China Clays	363	-99	603	358	Poor figs, downgradings
Eurotunnel Uts	360	-20	486	293	Financial worries
Hillsdown	85	-13	200	82½	Loses place in FT-SE 100
National Power	261	+14	263	188	Hints of imminent coal deal
Prudential	249	+20	269	199	Excellent interim figures
RMC	413	-31	669	390	Loses place in FT-SE 100
Redland	333	-27	565	310½	BZW "sell" recommendation
Taylor Woodrow	43	-7	143	34	Int losses / div slashed
Vickers	86	-25	186	80	Trading & technical worries
Wellcome	869	+43	1174	777	Stag selling dries up

Serious Money

Americans set UK on the right track

By Philip Coggan, Personal Finance Editor

THE DOMINANCE of American culture *often causes resent*ment in the UK. Many Britons long for the days when fast food meant fish and chips, not Big Macs, and when cinemas showed Ealing comedies rather than Lethal *Weapon 3.* But there are some areas where a dose of American business culture can do Britain a lot of good. In financial services, it has often seemed that US consumers have had a much wider choice and a better standard of service than their British counterparts. As one example, those who do not want to pay a credit card fee have 447 cards to choose from.

Some US practices and products are filtering over to the British side of the Atlantic, though, and there are two prime examples this week. The first is the "tracker" or index fund. The concept is based on the evidence that most fund managers fail to beat the stock market indices. Rather than gamble on finding one of the few managers who can beat the index, why not just create a fund that buys all the shares *in the index?*

These index funds have seized a large part of the institutional market in the US and are becoming increasingly popular with UK pension funds. But, as I have argued before, the concept is even better news for the private investor, who finds it so difficult to obtain a properly diversified portfolio or to pick "blue chip" stocks that live up to the name.

There are several indexed unit trusts in existence already, but none based on the most prominent UK market benchmark – the FT-SE 100 index. On September 28, though, James Capel will *launch a Footsie fund that* gives investors a simple way to invest in 100 of Britain's biggest companies. The aim will be to track the index within 0.15 per cent a month and the fund will have an initial charge of 4 per cent, with a discount of 1 per cent until the end of the year. The annual charge is 1 per cent.

These charges are not the cheapest in the indexed market. Gartmore abolished the initial charge on its index fund *(which tracks the FT-A All-*Share) earlier this year and its annual charge is just 0.5 per cent. Indeed, there is an argument that indexed funds should incur much lower costs than traditional "active" managers who have to visit companies, analyse accounts and the like.

To be fair to Capel, there are extensive costs involved in establishing such a fund, and Footsie can be a difficult index to track since stocks are replaced on a fairly regular basis and some companies, such as Maxwell Communications and Polly Peck, can disappear altogether. The Capel fund is also available via a relatively low minimum investment of £1,000 (or £40 a month via the savings scheme), compared with £5,000 (or £100 a month) at Gartmore.

It is to be hoped, however, *that if Capel does raise a sub*stantial sum though this offer, it will eventually pass on, via a lower annual charge, some of the economies of scale that can be achieved through indexation.

The second development this week has a more direct American origin. Fidelity, the big US financial services group, is expanding and re-launching its stockbroking service. The share-owning culture is far more widespread in the US, with many towns having their own stockbroker's office. Brokers do not have the "stuffy" image that they have in the UK (despite some valiant efforts, by the likes of Sharelink, to alter perceptions).

The Fidelity service has many elements which other UK brokers may be able to match and, indeed, beat but, as an overall package, it still looks impressive. As before, you can call an 0800 freephone number for service between 8am and 6pm on weekdays. The weekend hours have now been extended to run from 9am to 9pm on Saturdays and Sundays. Commission charges are *not the lowest in the market* but, at a minimum of £25 (on deals up to £2,500), they are reasonably competitive. (The rate on £2,501-£5,000 is £50; the maximum is £250).

Fidelity's Shareholder Plus service adds a further incentive by holding all dividends in a money market account, linked to the Bank of Scotland, which pays a gross rate of 8.5 per cent. Money awaiting investment will also be held in this account. The money market account is not unique (Albert E. Sharp has such an account for its discretionary clients, with a chequebook attached). But two further elements of the service do seem particularly interesting for those FT readers who are active investors.

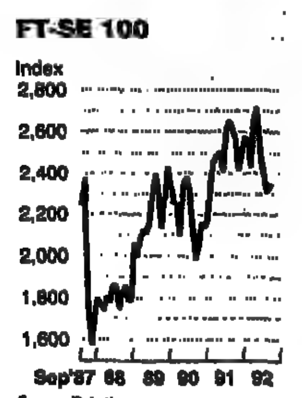
First, there is a commission discount for those frequent traders who spend more than *£250 in commission in a calen*dar month. Second, Fidelity is making it easier for investors to buy US and European shares. Judging from the inquiries I have had at the *FT*, many investors have had problems buying overseas stocks.

Fidelity's minimum commission on US securities is $38 (around £19). On a purchase of stock of $5,000, the commission would be $88.50 (around £45). Commissions on European stocks are much steeper, starting at £100.

The service is entirely execution-only, so it will not suit those many investors who need advice on their portfolios. But even if your own broker can match the above services, it must be good for investors to see a major US group competing hard for business in the UK broking market.

AT A GLANCE

FT-SE 100



Source: Datastream

Drayton Consolidated

Source: FT Graphite

Guaranteed equity launch

Allied Dunbar is launching a guaranteed equity product. Like other recent offerings it invests in options. The account lasts five years. On each anniversary, investors will receive at least 85 per cent of the rise in the FT-SE 100 index over the period. Gains will be locked in and guaranteed at the end of five years. If the market goes down over a 12-month period, the account will keep its value – and Allied Dunbar *guarantees that it will not lose over five years.*
The drawbacks are the inflexibility – no money can be withdrawn early except on death – the lack of income (investors do not benefit from the yield on the Footsie) and the tax position. Any profits on the product are subject to income tax but profits on conventional equity investment are subject to capital gains tax. Since each investor has an annual £5,800 CGT allowance, after indexation for inflation, few ever pay CGT. **See Serious Money.**

Invesco to pay compensation

Invesco MIM, the fund management group, said this week it would be paying compensation to Drayton Consolidated Investment Trust, which it manages, for violating investment trust guidelines. The breach concerned a stake and loan to Alma, the confectionery company which collapsed last year. Plans for a reorganisation of Drayton are due to be submitted to shareholders in October.
Meanwhile, Invesco MIM is merging three of its unit trusts – Commodity Shares, Gold and International Leisure – into its International Growth trust. None of the disappearing trusts has performed well; the Gold Trust, in a process of reverse alchemy, has turned £100 into a leaden £29.30 over the past five years. Unitholders should not necessarily expect an improvement; the International Growth trust is 36th out of 38 trusts in its sector over 10 years.

Share centre launches Pep

The share centre has launched a self-select personal equity plan, with a "maintenance fee" of £12.50 per quarter. Dealing commissions are 1 per cent on the first £2,000, subject to a £10 minimum; 0.8 per cent on the next £3,000; 0.5 per cent on the £5,000 after that. Those who take up a Pep before the end of September will get their first deal free. There is also a self-select Pep with a "maintenance fee" of 0.375 per cent per half year, with a minimum of £12.50 plus VAT.

New account from A&L

Alliance & Leicester building society is introducing a 90 day notice account called Bonus 90. The top rate will be 9.5 per cent for sums over £50,000; balances from £2,500 (the minimum) to £9,999 will earn 7.25 per cent.

Small company shares fall

It was another bad week for smaller company shares. The County Smaller Companies Index fell 1.1 per cent from 797.46 to 788.87 over the seven days to September 10. The Hoare Govett index (capital gains version) fell 1 per cent from 1004.6 to 994.98 over the same period.

Correction

Malvern College is merging with Ellerslie school, a girls' school in Malvern, not Malvern Girls College as stated in the recent FT-500 schools survey. We apologise for any confusion.

Wall Street

Just the sound of Bush's voice lifts stocks

PRESIDENT Bush finally made an impression on the stock markets this week.

Speaking to the Detroit Economic Club on Thursday afternoon, Bush outlined his "agenda for economic renewal," which included spending cuts and an across-the-board tax cut of 1 per cent.

As soon as his words reached Wall Street, investors started buying stocks heavily, and by the close of trading the Dow Jones Industrial Average had registered a 33-point gain, its best showing since July.

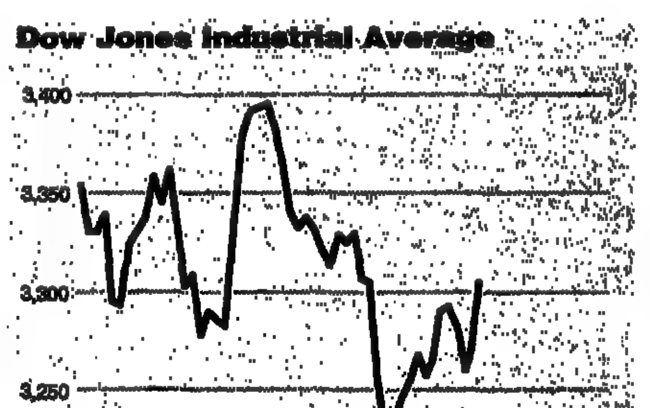
This was a distinct improvement on the last time the President made a big speech. That was back in mid-August at the Republican convention in Houston. Although his words that night raised spirits on the convention floor, they went down like a lead balloon on financial markets. The following day the Dow plunged 51 points and the dollar fell out of bed with a big bump.

So what did the President do right this time? It was difficult to tell at first glance, primarily because his Detroit speech included little that he has not said before – spending and tax cuts have been at the heart of the Republican campaign since mid-summer.

Rather than applauding what he said, the market seemed to be applauding the fact that he said it. Investors have been distressed these past few weeks by Bush's inability to make a big and sustainable dent in Governor Bill Clinton's lead in the polls. Concern about the outcome of the election has been one of the chief factors restraining enthusiasm for equities.

To Wall Street, Thursday's speech showed that the President has finally hit on what could be his most potent weapon come polling day in November – the differences between his and his rival's fiscal policies. If the Republicans hammer away at the message that their man stands for tax and spending cuts, whereas the Democratic candidate stands for tax and spending increases, *then the President* has a decent chance of winning re-election.

Nothing, of course, is that simple, least of all this year's election campaign, which has



Source: Datastream

sent *so many confusing sig*nals that the investors have almost given up trying to make sense of it all. Uncertainty and confusion is the enemy of any financial mar*ket, and if Bush's speech can help focus voters' attention on* the defining difference between the Republican and Democratic candidates, then a 33-point bounce is justified.

Thursday's rally, however, *was not just about the Bush* speech. The dollar rose more than one pfennig to DM1.425 in the afternoon on reports that US aircraft had intercepted an Iraqi fighter over the "no-fly" zone in northern Iraq. Although no shots were fired and the Iraqi aeroplane quickly withdrew, the incident was disturbing enough to send investors scurrying for the safety of the dollar. The currency's advance buoyed equity investors, who have been waiting for the dollar to stage a recovery from its recent bout of the blues.

Stock market sentiment was also aided on Thursday by the latest falls in interest rates. During the week the yield on the benchmark 30-year bond fell to just over 7.23 per cent, its lowest level since 1986. Although over the past year low US interest rates have not kick-started the economy as they normally would after a recession, investors have not completely *forsaken their* belief in the stimulative powers of cheap credit. Somewhere down the line, they say, low interest rates are going to feed through into economic growth.

Even if investors were not overly impressed by the political and economic fundamentals of the market – the election, the dollar and interest rates – they could draw comfort from technical indicators.

According to Investors Intelligence, a newsletter that tracks market sentiment, the number of investment professionals that are bearish about the outlook for the market rose sharply this week to the highest level seen so far this year. Given that increased pessimism among investors often precedes a market rally, the latest figures on sentiment may be a sign that the market is ready to break out of its summer doldrums.

It did not go unnoticed that the last time bearish sentiment was stronger than this week's measurement was mid-December last year. That low point turned out to be the market's floor for 1991, and within a week investors went on a buying spree which lasted *more than a month and sent the Dow to a succession of* record highs.

A repeat performance would be most welcome, although conventional wisdom suggests that the chances of the market engineering a sustained bull rally in the last two months of a confusing, and probably close, presidential election campaign are slim.

Patrick Harverson

	Closed	
Monday		
Tuesday	3260.59	− 21.34
Wednesday	3271.39	+ 10.80
Thursday	3305.16	+ 33.77

The Bottom Line

Glaxo has the last laugh

"DON'T SELL Glaxo" was the deathbed advice given in an Anita Brookner story by a father wanting to give his daughter the benefit of his accumulated wisdom. Last year, fund managers would have done well to heed his words.

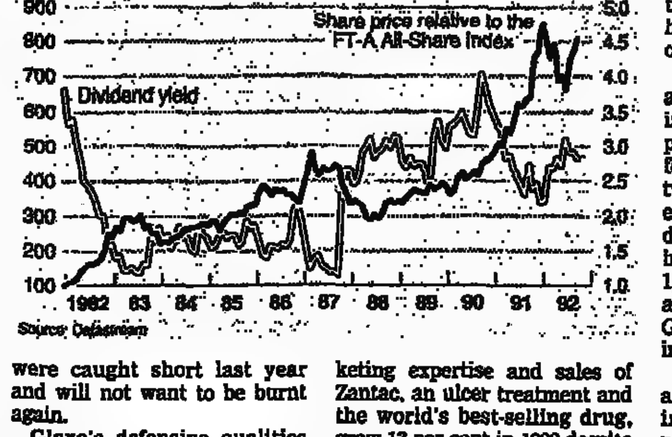
Shares in Europe's largest drugs' group doubled, driven upwards by American enthusiasm for pharmaceutical stocks. In 1991, the results of any fund underweight in Glaxo looked pretty sick.

This year, Glaxo's ride has been bumpier. From a peak in January of 916p, the shares fell to 658p by the beginning of July. One reason was selling by US investors, who believed the recession was coming to an end and, therefore, sold defensive companies such as pharmaceuticals while buying more cyclical stocks.

The move out of the pharmaceuticals was assisted by various problems at a number of American drugs groups. In addition, money allocated by fund managers for the drugs sector was soaked up by the Wellcome secondary offer.

The economic upturn expected by US investors has failed to materialise. Meanwhile Glaxo, which reported its full-year results on Thursday, continues to power ahead, able to generate sales growth (excluding currencies) of 18 per cent and a profits increase of 11 per cent. Sir Paul Girolami, the chairman, pointed out that the £700m increase in turnover was greater than the group's entire sales less than 10 years ago.

For a company with a turnover of more than £4bn, that is a remarkable achievement. It is a particularly outstanding result when compared with results in other sectors. Since July, Glaxo's shares have risen more than 100p and closed yesterday at 768p The question is whether the consistency of Glaxo's earnings' growth will make it irresistible to fund managers, especially if the recession continues. Many



Source: Datastream

were caught short last year and will not want to be burnt again.

Glaxo's defensive qualities are not in doubt: Steve Plag, pharmaceuticals' analyst at County NatWest, describes the group as Europe's strongest company. It has superb marketing expertise and sales of Zantac, an ulcer treatment and the world's best-selling drug, grew 13 per cent in 1992 despite premature predictions that the product had matured.

Sales of Zofran, a drug used to prevent nausea in patients receiving radiation and chemotherapy, increased from £181m to £259m. Ernest Mario, the chief executive, said he could think of no medicine which had achieved sales of $500m in only two years.

Future growth also looks assured. Glaxo has been building up its sales force over the past 12 months in preparation for the world-wide launch of two more potential blockbusters – Imigran, a migraine drug, and Serevent, a long-acting asthma treatment. About 1,500 representatives have been added which, Plag says, makes Glaxo's sales force the largest in the world.

Margins squeezed by the additional costs of this marketing build-up and greater research and development spending, are now likely to expand. So, what doubts are there about Glaxo?

The first is Imigran, which is still awaiting the licence from the US Food and Drug Administration which the company had expected earlier this year. Doubts have been expressed about the product's safety.

The delay is disappointing, says Guy Wood-Gush, analyst at Barclays de Zoete Wedd. But, he adds, it is reassuring that the authorities have not asked for more data. Nevertheless, if Imigran fails to gain a licence before January, he plans to reduce his 1993 sales estimates.

The other question mark is the dollar. BZW estimates that for every 10 cents the dollar loses, £30m is knocked off Glaxo's pre-tax profits and 2p off its earnings per share.

Despite such risks, Wood-Gush believes Glaxo's shares look cheap. Fund managers, disappointed of a recovery may look at the group's continuing earnings growth and increase their weighting.

Brookner's heroine will surely not have sold her Glaxo shares. But if she has looked after her legacy, she might well consider buying more of the stock.

Paul Abrahams

FINANCE AND THE FAMILY

Maastricht: a vital matter of yes or no

***Philip Coggan and John Authers** weigh the implications of the vital referendum in France*

A FRENCH referendum would not normally seem a matter of importance for British investors. Sometimes, though, the financial markets seize on a particular event and give it enormous significance. So it is with the French vote on September 20 over whether to ratify the Maastricht treaty. Five years ago, the markets would have viewed progress towards European monetary union as purely an academic issue. Now, it has the power to ruin economies.

The problem lies with the economic strength of Germany and the legendary determination of the Bundesbank (the nation's central bank) to defeat inflation. International investors have had a natural preference for the D-mark over other European currencies.

Other countries in the exchange rate mechanism traditionally have been forced to offer higher interest rates to attract investors and maintain their parity against the D-mark. But the prospect of European monetary union via the Maastricht treaty altered the equation. Eventually, there would be one currency and one interest rate across the Continent. So, investors who bought the other currencies in the ERM would effectively be buying "higher yielding Deutschemarks."

This theory of "convergence" meant that those who bought European bonds would enjoy capital gains as yields fell gradually to German levels. (*Remember that, as yields fall, prices rise*). The outcome was that the differentials between German interest rates and the rates of other ERM countries were able to narrow.

But the No vote in the Danish referendum earlier this year, and the doubts about the result of the French poll, have thrown the whole process into doubt. If the French vote No, progress towards European monetary union will stop. It is even possible that the exchange rate mechanism, which has brought a measure of European currency stability for more than a decade, will break up.

Such uncertainty makes international investors flock for the safe haven of the Deutschemark, the one currency they are certain will not be devalued. That has put immense pressure on the European currencies – such as the pound and the lira – perceived to be weaker.

There are two obvious responses for the other ERM countries. One is to devalue, something that seems unacceptable politically. The second is to raise interest rates and increase the differential with Germany. But German rates are high already and, with most European economies in a weak state, no government – especially Britain's – wants to risk the damage a rate rise would cause. The Italians have been forced to bite the bullet, though: will the UK have to follow?

Those are the stakes behind the French poll. We asked City experts what would happen to markets in the event of a *Oui* or *Non* vote.

■ :See Page 6, Section One.

THE MAIN effects of the French referendum vote are likely to be in the short term. But the poll could still have a substantial impact on currencies, share prices, bond prices and interest rates.

NON!

If the French vote against the treaty, it could mean very bad news. The immediate effect is certain to be pressure on the weak currencies within the Exchange Rate Mechanism – sterling in particular.

Mark Henderson, chief investment officer of Touche Remnant, thinks that "the UK would certainly have to raise base rates, immediately and decisively, on September 21." He suggests that either 1.75 or 2 percentage points might be needed. And as Bob Semple, of County Nat West, puts it: "We need an interest rate rise like we need a hole in the head."

Given the recent pressure on building society margins, a base rate rise would mean higher mortgage rates. The societies are aware of the damage this might do to the housing market and the Halifax Building Society, the UK's biggest mortgage lender, has said it would strive to keep any rise to a minimum.

Much would depend on whether some societies raise savers' rates to attract funds. That would force others to follow suit, and then to increase mortgage rates in line.

There is a silver lining. TR does not believe that high interest rates would remain in place long enough to harm the economy, with lower German interest rates eventually coming to the rescue.

As to the effect of a No vote on bond and share prices, Semple says much depends on whether the UK decides to devalue or to raise rates. "One school of thought is that a devaluation would be good news for equities", he says, "but it would be very bad news for bonds and there would be enormous market turmoil as a result. Things might settle down more quickly with an interest rate rise, through the Swedish situation shows you have to be tough. If things get really bad the FT-SE 100 Index could fall to 2200."

According to Derek Scott, of BZW: "With earnings estimates being reviewed downwards, little hope of a German rate cut before the end of the year, the dollar at over-competitive levels, economic growth stagnating and valuations hit by higher bond yields, there is little chance of equity markets shrugging off a 'No' vote."

But Dick Barfield, investment director of Standard Life, down-played the significance of a "No", suggesting that on a three-month view it would, like the UK general election, have little lasting impact. "The most important things are German interest rates and the level of the Deutschmark against the dollar. This vote isn't going to affect that one way or the other. The markets have been far too preoccupied by this."

Stephen Pearson, of GT Management, also believes that the importance of the referendum for the long term has been over-estimated. He thinks that the fundamental factor currently moving European markets, the German base rate, is unlikely to be affected.

OUI!

A Yes vote would be far better news (except for those who believe that European union would be disastrous). Interest rates, and therefore mortgage rates, would be far less likely to rise, and markets would enjoy a boost of confidence.

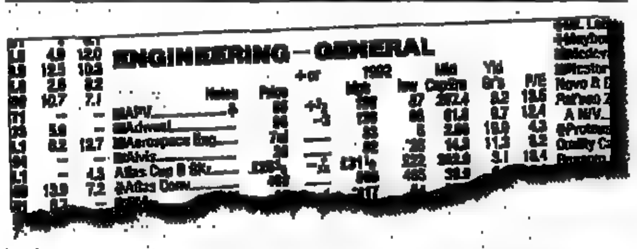
But as Semple points out: "Even if there is a yes vote, it still has to be ratified by the rest of the community. The Exchange Rate Mechanism is also suffering from the backwash of the falling dollar, and one has to ask whether a Clinton victory is priced into either the dollar or Wall Street."

Derek Scott of BZW feels that if the French vote Yes, "the threat of rate rises should be avoided in countries where economic fundamentals are sound." However, he argues that the vote will not bring forward the long-awaited interest rate cuts from the Bundesbank. Nevertheless, Scott feels that a "yes" would help both French and UK equities, where real long rates are very high and would benefit from better bond trends.

Dick Barfield admits that the UK markets would probably jump after a "Oui" vote, but this does not affect Standard Life's strategy, which is to view all the European markets, especially the UK, as looking cheap on a 12-month view.

Touche Remnant's Henderson believes that the reaction to a "Oui" could be short-lived. Both equities and bonds would rise, but an equity rally could be short-lived because sterling would also rally, damaging UK export potential.

Never the less, if you are worried about your investments or mortgage payments, and you are visiting France over the next week, it might be worth a bit of canvassing . . .



ENGINEERING — GENERAL

The Ace of Clubs symbol shows that APV's report is available

FT reports service

THE Financial Times has launched a new, free service for private investors who would like to receive the annual reports of listed companies, writes Philip Coggan.

All that you need to do is ring 081-643-7181 and quote a code which is listed at the end of the London Share Service listings in the FT. This code will be changed every week. Then name the company concerned and give your name and address. The report will be sent to you on the next working day.

The service is open to all readers, whether in the UK or *overseas. The lines are open between 9am and 5.30pm on* weekdays and there is an answering service at other times. For today only, the lines are open between 9 am and 4pm.

At present 130 listed companies have agreed to join the service. The companies concerned are identified with an ace-of-clubs symbol in the share listings pages. Companies which have joined include Bank of Scotland, Hanson, National Power, Smithkline Beecham and Unilever.

Only one annual report per company can be sent to each individual, but you may order the reports of several different companies.

Directors' Transactions

A GROWING band of directors appears to be prepared to buy shares. Allied Colloids, the speciality chemical group, announced final results at the beginning of June. Following an up-beat statement, six directors – including the chairman, managing director and finance director – bought a total of 12,000 shares at 163p. The shares have been as high as 220p in May this year and are trading now at about 166p.

The food retailing sector has maintained a fairly steady performance over the past year. At William Low, Dundee-based superstore operator and food retailer, four directors bought a total of 26,000 shares at prices between 176p and 180p.

Results from Excalibur Group in July reflected the problems of companies trading in luxury and giftware items. The company makes and wholesales high quality jewellery. Despite pre-tax profits down from £4.1m to £1.1m, its precision engineering division was reported to be doing well. Three directors – the chairman, managing director and finance director – bought a total of 1,784,000 shares at 8p.

J.A. Fooks, the chairman of East Surrey Holdings, a statutory water company, sold 506,470 shares at 222.5p. The shares have performed strongly since coming to the market in March 1990. Fooks still holds 1,256,850.

Angus McDonald,
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
East Surrey	Watr	506,470	1,127	1
Morland & Co	Brew	15,000	57	1
Plysu	Chem	25,000	67	1
Sainsbury J	FdRe	3,000	14	1
Smith (WH) B Shrs	Stor	92,192	70	1
Stanley Leisure	Hotl	10,000	20	1
Wickes	BdMa	30,000	21	1
PURCHASES				
Allied Colloids	Chem	12,000	20	6
Bedford (Wm)	n/a	225,000	23	1
Brabant Resources	O&G	50,000	15	1
Excalibur	Misc	1,784,800	143	3
Gt Portland (CULS)	Prop	110	100	1
Holmes & Marchant	Med	760,000	61	2
Low (Wm)	FdRe	26,000	46	4
Molynx	Elec	35,000	13	1
MS Intl	EngG	50,000	12	1
TR Property IT	InTr	200,000	30	1
Transatlantic CnvP	InsL	275,000	186	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 1-4 September 1992.

Source: Directus Ltd, Edinburgh

FINANCE AND THE FAMILY

Prudential warns of bonus rate cuts

*With-profits endowment policy holders face tougher times ahead, reports **John Authers***

PRUDENTIAL, the UK's biggest life insurer, this week took the prudent step of warning the City that it expects to cut its bonuses for with-profits policyholders next year.

In publishing its interim figures, it accounted for the profits on its life fund on the assumption that the bonuses for next year would be cut. *Usually, life offices assume that* bonuses will be maintained, so this is a bad sign for the Pru's with-profits pension and endowment holders.

This would be the third year in succession in which the Pru's bonus rates had been cut. Several other offices have already followed this lead and the latest strong signal they have sent out could strengthen the trend towards lower pay-outs.

However, the Pru's final decision on bonuses will not be made until the beginning of next year, so nothing is yet certain. If investment returns recover by more than the Pru expects in the next four months, then bonuses may survive intact.

Other companies quickly asserted that they were also likely to cut *bonuses. Standard Life, which now* sells slightly more endowments than the Pru, sent a signal at the beginning of the year by cutting its interim reversionary bonus (payable to the relatives of policyholders who die during the year). An actuary for Standard Life confirmed that across the industry, terminal bonuses were very likely to be cut. Actuaries at Life Association of Scotland and GA Life concurred that the trend in bonuses must be downwards.

Falling bonuses are bad news for investors. However, recession and accompanying high interest rates are among the main factors forcing them lower. Therefore Prudential asserts that the real return (after inflation) available to investors need not be forced down.

Existing policyholders should also avoid panicking on two other fronts. First, although pay-outs will fall, it is still highly unlikely that an endowment will actually fail to pay off a mortgage.

A recent survey by Money Management found that unit-linked endowments offered by four companies – Providence Capitol, M&G, Manulife and Scottish Mutual – will, on current projections, fail to meet their sum assured. But these are wholly different from with-profits endowments, which are typically underwritten so conservatively that they will overshoot their target unless bonuses are cut radically.

John Lister, actuary with GA Life, is sure that nominal investment returns will drop, taking bonuses with them. But this is a long way from saying they will fail to pay off the mortgage. For 25-year policies starting this year, GA Life needs to earn almost exactly 9 per cent net per annum – a rate not far above current money market rates and easily supported using profits from protection business.

A second myth which needs debunking is the idea that current bonus rates can be "locked into" by surrendering a policy now. Life policies do not work that way. Current terminal bonuses are paid out only to those who have stayed the course, including many good years. Surrender values are calculated differently.

Lister points out that those who break the contract by giving up a policy early cannot expect to receive all of the terminal bonus, and deprive other policyholders of funds, at a point when bonuses are justifiably coming down because of lower investment returns. Unfortunately, there is no easy way out of a with-profits policy once it is started.

MMC to probe medical costs

HOPES ARE high that the Monopolies and Mergers Commission can bring the escalating costs of UK private medical insurance under control.

It announced this week that it will investigate the British Medical Association to see whether doctors are conspiring to set medical charges at artificially high levels.

Premiums have risen rapidly over the last two years, partly because of rising medical costs.

Bob Bycroft, the managing director of Medical Insurance Agency, who is providing evidence to the MMC panel, welcomed the investigation. "Anything that focuses attention on the increasing cost of private medical care has got to be a good thing."

He said there was increasing evidence of multiple procedures – in other words, to quote his example, if a patient went to hospital to have an operation on varicose veins in one leg, the surgeon would also operate on the second leg because "it would need to be done eventually".

There is also evidence that the BMA's recommended guidelines on fees, introduced in 1989, have been treated as the norm which doctors ought to charge, rather than the upward limit.

According to Jan Lawson, of the Private Health Partnership, a Leeds broker, in Yorkshire the BMA guidelines led to a 60 per cent rise in consultants' fees overnight.

An FT investigation this week also showed that BMA fees tend to be higher than the scales recommended by the British United Provident Association (Bupa), which for many years were regarded as the industry standard.

However, there is more to the rise in premiums than inflation in medical costs. Nancy Saldaña of Cigna, an insurer, does not object to the BMA's scales, which mirror an exercise in the US to assess the relative costs of different procedures. The problem, she says, is the way they have been used and interpreted.

She believes that over-use of hospital care could have much to do with escalating premiums. Her favourite example is the hospital extraction of wisdom teeth, which until a few years ago was normally carried out in a dentist's chair.

In the UK, each Briton went to hospital 50 per cent more often at the end of the 1980s than at the beginning of the decade, according to Bupa figures. This increased use of health care may mean premiums will continue to rise.

The best way to avoid a possible medical cartel lies with the National Health Service. Consumer surveys suggest that the only significant problem with the NHS is the length of time patients sometimes face before having operations. You can combat this by shopping around between different NHS regions, according to a survey in *Which?* magazine, as waiting lists vary considerably between areas.

The National Waiting List Helpline (081-983-1133) gives details of which district health authorities have the shortest waiting times for the operation you require, plus information on hospitals in those districts.

Following the latest dose of health service reforms you can now ask your GP, if he or she is a fundholder, to refer you to any hospital. If they are not fundholding the procedure is more complicated: they must try to persuade your own health authority to pay for you to be referred elsewhere.

John Authers

Bad news week for EZTs

ENTERPRISE Zone Trusts were hit by unwelcome publicity this week. Imro, the investment managers' regulator, announced that it was clamping down on claims of "guarantees" from the trusts.

Most trusts are able to quote either a guarantee of rental income for a certain period from a bank, or in a few cases a guarantee that the building will be bought at the end of a fixed term for a fixed price.

However, these guarantees are not limitless and depend on the strength of the guarantor. John Morgan, chief executive of Imro, has launched an investigation into the marketing claims that have been made. He said: "We have issued a notice to members putting them on warning for extra care and due diligence in the literature they use to promote such schemes."

The depressed commercial property market means EZTs might be thinner on the ground this year in any case. However, Morgan explained that clamping down will be difficult because several different regulators are involved.

Investors in one of the least successful EZTs launched to date, Greig Middleton's GMEZT2, have also found problems working with the regulatory framework. Now, in another embarrassing move for the EZT industry, they are organising in an attempt to obtain compensation.

Rental income on the building owned by the flat was guaranteed by Seifert Ltd, the property development arm of the architectural practice, which went into receivership in July. Income after the end of this year is uncertain, while the trust will need to meet the costs of the building's upkeep.

This is particularly awkward for many of the estimated 300 investors, as EZTs are most tax-efficient when funded by a loan. Income is needed to maintain repayments.

Now David Pine, of Eversheds Alexander Tatham, the Manchester solicitors who previously represented investors in Barlow Clowes and Dunsdale Securities, and creditors of the Bank of Credit and Commerce International, is organising an investors' protection committee. He intends to set it up at the annual general meeting of the trust, on September 23.

Pine wants investors who would support an action plan to contact him directly. The address is: David Pine, Eversheds Alexander Tatham, 30 St Anne's Street, Manchester M2 3DM. Tel: 061-236-4444.

John Authers

Expatriates / **Donald Elkin**

Investor protection

BIG efforts have been made – mainly through the Financial Services Act 1986 (FSA) – to protect investors from losses caused by the collapse of UK advisers and money managers of all kinds.

Not only are such firms subject to regulation but schemes have been set up to compensate investors should they fail. However, only the investment firms are covered. So, if you lose money because your broker becomes insolvent, or because the UK unit trust or insurance company in which he or she invested for you fails, you will be compensated. But, if the investment was in, say, Coloroll shares, no compensation will be payable.

Unfortunately, the large number of compensation schemes confuses the picture. And, as usual, the position is far more complicated for expatriates than resident Britons.

The core of these arrangements is the Investors' Compensation Scheme (ICS). This was set up by the Securities and Investments Board (SIB) and provides compensation for losses brought about by the collapse of any organisation, authorised under the FSA, in relation to any investment business which it regulates.

"Investment business" encompasses such things as dealing in, or advising on, life assurance, unit trusts, investment linked pensions, stocks and shares, commodities, financial futures and options. It does not cover general insurance, bank and building society deposits or investments in such things as houses, land or gold coins.

The maximum compensation available under the scheme is 100 per cent of the first £30,000 and 90 per cent of the next £20,000 – ie a maximum of £48,000 for any one default. If, exceptionally, claims in any one year exceed £100m, they will all be scaled down.

Some regulatory bodies, for example the Law Society, Institute of Chartered Accountants and Insurance Brokers Registration Council have equivalent schemes. The Law Society's scheme covers the full amount of any loss up to £1m.

The number of compensation schemes is confusing, and the position is far more complicated for expatriates

Whether compensation is available to overseas investors dealing with UK firms, depends on the extent of the "foreign" element in the transaction.

Transactions involving overseas residents and overseas-based advisers are not covered. But if business is arranged between a UK intermediary and an individual abroad – whether by correspondence or in the course of a meeting overseas, following which the adviser takes the signed application papers and payment back to the UK – compensation will be available. But should the adviser send those papers direct from the overseas location to an investment organisation outside the UK, the position is open to doubt.

If the foreign element in any business is sufficient to exclude it from the cover of the ICS, you will not only lose the right to compensation on the failure of the intermediary, but also of any UK product company – for example, an authorised unit trust, into which the investment concerned is made.

Such considerations aside, investor losses caused by the failure of a UK unit trust would give rise to a claim. The treatment of investment trust insolvency is, however, rather more complex. Losses in connection with a savings scheme, would be covered. But failure of the trust itself would not.

Losses arising from the failure of overseas unit trusts and the like are not covered by the ICS. However, a number of countries – Bermuda, Guernsey, Isle of Man and Jersey – have equivalent compensation schemes of their own.

Canada, Eire, Luxembourg and Switzerland have SIB-recognised local regulation. But there are no compensation schemes in those countries.

Compensation for the failure of UK insurance companies, under the 1975 Policyholders Protection Act, is different again. The Act provides for compensation of up to 90 per cent of the policy value without any upper limit. However, since this scheme did not cover business failure resulting from bad marketing or bad advice, these risks are covered by the Lautro indemnity scheme, subject to the same maximum as the ICS – £48,000 per claim.

As in the case of unit trusts, offshore policies are not covered, but some overseas territories have arrangements of their own.

Bank and building society deposits are not "investments" in terms of the FSA, and are not covered by the ICS. They are separate UK deposit schemes, but the maximum compensation is 75 per cent of the first £20,000 for banks and 90 per cent of the first £20,000 for building societies.

Outside the UK, the Isle of Man, alone of the three main offshore islands, has provisions covering bank deposits. These too mirror mainland arrangements, although participation by foreign banks is voluntary. Offshore subsidiaries of UK building societies need no special arrangements, since the Building Societies Act 1986 requires parent societies to carry responsibility for all of their liabilities.

All of which is rather complex. But it ensures that expatriates have greater protection when dealing with UK firms than they would by investing in an unregulated environment.

■ *Donald Elkin is a director of Wilfred T Fry Ltd, of Worthing, West Sussex.*

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Adacene Group	May	1,610	(705)	8.5	(3.6)	4.0	(2.0)
Black (Peter)	May	6,620	(7,230)	8.21	(9.16)	2.94	(2.84)
British Thornton	Apr	947	(1,040 L)	1.04	(-)	-	(-)
BZW Convertible	Jul	4,320†	(4,450†)	8.64	(8.6)	7.8	(7.7)
Ensor Holdings	Mar	1,380 L	(327)	-	(2.3)	-	(-)
Glaxo Holdings	Jun	[illegible]	(1.1bn)	34.5	(30.4)	17.0	(14.0)
Goodhead Group	May	721	(788)	1.3	(0.8)	0.6	(0.5)
Gerrard & Manchester	Mar	19,200	(15,300)	-	(-)	-	(-)
Iacocaloe	Apr	18,000	(3,600)	-	(-)	-	(-)
Macro 4	Jun	8,750	(7,650)	26.5	(23.0)	17.75	(11.0)
Sirdar	Jun	5,050	(4,610)	5.85	(5.26)	6.15	(5.16)
Wills Group	Jun♣	519	(1,490 L)	0.77	(-)	0.1	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Acchank	Jun	3,600	(2,900)	1.0	(-)
AMEC	Jun	10,600	(21,900)	2.0	(4.0)
Assoc British Ports	Jun	15,100	(31,700)	3.25	(3.1)
AEW Holdings	Jun	2,100 L	(8,100)	3.0	(4.5)
Avonmore Foods	Jul♠	9,600	(6,620)	1.45	(1.35)
Arcolectric Group	Jun	2,620	(3,410)	1.8	(-)
Baird (William)	Jun	10,000	(9,200)	3.55	(3.55)
Beattie (James)	Jul	1,760	(2,370)	1.4	(1.4)
Bletchley Motor	Jun	604	(405)	4.4	(4.1)
Blue Circle	Jun	42,700	(67,500)	3.75	(3.75)
Boddington Group	Jun	11,300	(7,520)	2.6	(2.35)
Bodycote Int'l	Jun	5,400	(5,520)	3.75	(3.5)
Booker	Jun	32,800	(32,900)	7.5	(7.5)
Brammer	Jun	4,220	(4,470)	4.5	(4.5)
British Bio-tech	Jul§	2,900 L	(2,700 L)	-	(-)
British Borneo	Jun	2,260	(1,680)	2.67	(2.67)
British Dredging	Jun	578	(739)	2.6	(2.6)
British Mohair	Jun	1,030	(1,160)	1.4	(1.4)
British Vita	Jun	26,810	(24,170)	3.5	(3.45)
Broadcastle	Jun	155	(96 L)	-	(-)
BTR	Jun	548,000	(512,000)	7.75	(7.5)
Bunzl	Jun	21,700	(20,000)	1.8	(1.8)
Burford Hldgs	Jun	1,720	(1,630)	0.5	(0.45)
Burnfield	Jun	1,100	(281 L)	1.65	(1.65)
Cadbury Schweppes	Jun	125,000	(112,000)	3.3	(3.2)
Caird Group	Jun	3,150	(3,100)	1.33	(1.33)
Calderburn	Jun	2,210	(2,300)	2.8	(2.6)
Candover Inv	Jun	2,280	(2,170)	3.75	(3.5)
Celestion Inds	Jun	34	(771 L)	-	(-)
Claremont Garments	Jun	2,830	(2,320)	3.3	(3.0)
Coats Viyella	Jun	52,900	(46,100)	3.0	(3.0)
Consort Bank of London	Jun	311	(389)	-	(-)
Cons Venture	Jul	8 §	(115†)	-	(-)
Crest Int'l	Jun	14,300	(10,200)	2.75	(2.75)
ECC Group	Jun	40,600	(83,200)	6.6	(6.6)
Elswick	Jun	1,100	(1,300)	-	(0.55)
Enterprise Oil	Jun	34,600●	(60,300●)	8.5	(8.5)
Erith	Jun	220 L	(332 L)	0.35	(1.3)
Eldridge & General	Jun	9,360 L	(1,490)	-	(1.22)
European Project	Jun	102	(141)	-	(-)
Evans Halshaw	Jun	1,510	(1,670)	3.6	(3.6)
Fairey Group	Jun	8,120	(7,070)	3.3	(3.0)
Ferrum Hldgs	Jun	424	(1,420)	1.1	(1.1)
Fisons	Jun	40,400	(98,200)	3.3	(3.3)
Frost Group	Jun	2,570	(1,260)	5.5	(-)
Gaskell	Jul	15	(55)	1.5	(3.0)
Gibbs & Dandy	Jun	92 L	(405 L)	-	(-)
Gowrings	Jun	172	(531 L)	1.0	(1.0)
Great Southern	Jun	2,550	(2,310)	3.6	(3.3)
Haden Maclellan	Jun	2,430	(7,940)	1.0	(3.0)
Hall Engineering	Jun	1,550	(1,160)	3.3	(3.3)
Halls Homes	Jun	529	(2,460 L)	-	(-)
Herring Baker	Jul	1,630	(1,810)	3.25	(3.25)
Hewitt Group	Jun	411	(219)	1.25	(1.0)
Hillsdown Holdings	Jun	78,100	(77,800)	2.2	(2.2)
Holmes Protection	Jun	1,470	(1,390)	-	(-)
Home Counties News	Jun§§	545	(636)	2.75	(2.75)
IMI	Jun	36,500	(40,100)	4.2	(4.2)
Isodem	Jul	551	(507)	1.3	(1.2)
Int'l Business	Jun	572	(2,440 L)	-	(-)
Intrum Justitia	Jun	6,110	(4,600)	1.0	(0.8)
Invesco MIM	Jun	926	(11,500)	1.0	(2.3)
Kleinwort Smaller	Jul	305♥	(333♥)	2.0	(2.0)
Kynoch Group	Jun	380	(460)	-	(-)
Laing (John)	Jun	5,800	(6,300)	3.0	(3.0)
Laird Group	Jun	20,500	(14,400)	4.2	(4.0)
Laser-Scan	Jun	408 L	(246)	-	(-)
Lloyds Smaller Co	Jul	862	(-)	1.7	(-)
London Forfaiting	Jun	8,420	(6,610)	2.9	(2.62)
LWT Holdings	Jun	13,700	(9,760)	-	(-)
Matthews (Bernard)	Jul	2,180	(6,160)	1.0	(2.0)
Medeva	Jun	14,100	(4,020)	0.75	(0.5)
MTM	Jun	28,000 L	(10,300)	-	(1.87)
Newey Group	Jun	988	(493)	-	(-)
NFC	Jul♦	64,100	(63,900)	1.59[⊕]	(1.59)
North Sea Assets	Jun	890	(826)	-	(-)
Nurdin & Peacock	Jun	5,890	(7,340)	1.96	(1.96)
Ocean Group	Jun	20,800	(23,200)	4.71	(4.71)
Parambe	Jun	89	(1)	0.55	(0.55)
PCT Group	Jun	925	(560)	2.8	(2.5)
Pearson	Jun	34,800	(40,700)	5.375	(5.375)
Peek	Jun	2,810	(3,020)	1.05	(1.05)
Pendragon	Jun	2,170	(2,020)	2.2	(2.0)
Pentland Group	Jun	19,700	(6,000)	1.04	(0.94)
Perkins Foods	Jun	10,900	(10,500)	1.7	(1.7)
Perry Group	Jun	855	(1,100)	2.75	(2.75)
Pittencrieff	Jun	2,210	(1,550)	3.0	(2.5)
Plasticbrook Group	Jun	4,910	(5,610)	1.0	(1.0)
P&O	Jun	101,100	(73,100)	13.5	(13.5)
Portals Group	Jun	12,800	(11,700)	5.0	(5.0)
Porvair	May	758	(570)	1.2	(1.1)
Prudential Corp	Jun	249,000	(170,000)	4.1	(3.8)
Rathbone Bros	Jun	2,020	(1,630)	1.5	(1.25)
Record Holdings	Jun	809	(1,570)	1.15	(1.15)
Reece	Jun	163 L	(540)	-	(0.1)
Robinson Bros	Jun	736	(758)	-	(-)
Ropner	Jun	1,720	(2,270)	3.5	(3.5)
RTZ	Jun	285,000	(268,000)	8.0	(8.0)
Rugby Group	Jun	30,200	(27,400)	2.85	(2.85)
Sale Tilney	May	2,530 L	(3,660 L)	-	(-)
Savoy Hotel	Jun	1,750 L	(674 L)	-	(-)
Scholl	Jun	12,300	(11,600)	2.6	(2.5)
Sema Group	Jun	7,730	(6,570)	1.1	(1.0)
Severfield-Reeve	Jun	398 L	(505)	-	(1.0)
Sherwood Computer	Jun	1,750	(575)	1.75	(1.5)
Somerset Tst	Jun	37‡	(28‡)	-	(-)
Slot-Plus	Jun	2,020	(2,430)	3.56	(3.12)
Sunleigh	Jun	11	(1,330 L)	-	(-)
Suter	Jun	9,400	(9,200)	3.2	(3.2)
Taylor Nelson	Jun	1,610	(40)	0.1	(-)
Taylor Woodrow	Jun	16,000 L	(25,300)	0.5	(1.85)
Thompson Clive	Jun	218	(354)	-	(-)
TLS Range	Jun	77 L	(287 L)	-	(-)
Wilson Connolly	Jun	8,770	(13,800)	1.27	(1.27)
Wimpey (George)	Jun	7,200 L	(200)	2.0	(4.0)
WSP Hldgs	Jun	352	(613)	1.1	(1.1)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. § = Net loss. † = Available revenue. ‡ = 1st quarter figures. ♠ = Figures quoted in Irish pounds & pence. ‡ = Total income. ♦ = Figures for nine months. ⊕ = Third interim dividend. ♥ = Net revenue. §§ = Figures quoted in US dollars. ● = After tax profits. ♣ = Last years figure for 18 months.

RIGHTS ISSUES

J Bibby is to raise £35.6m via a 1-for-4 rights issue at 115p.

The Week Ahead

KINGFISHER, the retailing group, is unlikely to add much cheer to the debate about the state of the economy when it reports its interim results on Tuesday.

Nigel Whittaker, the group's corporate affairs director, is likely to be humming the same tune as he frequently sings as the CBI's retail sales front-man: depressed levels of consumer spending with little sign of any uplift.

While the B&Q chain has faced pressure from a price war in the DIY trade, Woolworths, Comet and Superdrug should have benefited from productivity gains. However, Kingfisher has a knack of exceeding expectations and may report pre-tax profits above the £61m consensus forecast and last year's £62.5m.

On Monday, Dalgety reports profits for the year to and June. Forecasts centre on £115m pre-tax, up from £110.9m, with petfoods and snacks leading the way. Tougher trading conditions in milling, baking, food ingredients and animal foods are expected though. With the finances sound, the company is regarded as more solid than many in the sector.

Inchcape, the international motor distribution, services and marketing group, is expected to announce interim pre-tax profits of about £110m, compared with £91m, on Monday. The figures are helped by the first inclusion of Tozer Kemsley & Millbourn, the motor company acquired with the help of a £376m rights issue last December.

Tuesday sees interim results from MB-Caradon, the building products and cheque printing group which has a quarter share in CarnaudMetalbox. Pre-tax profits are expected to have risen from £47.2m to £60m, helped by the use of the rights issue money raised last year and substantial cost-cutting measures.

Arjo Wiggins Appleton, the Franco-British paper group, also reports on Tuesday. Estimates for interim pre-tax profits range from £92m to £100m, compared with £135.5m. Analysts will ask about the extent to which AWA, a pulp buyer, has suffered from rising pulp costs and falling paper prices.

First-half results from Guinness on Thursday are expected to reflect economic weakness in its international markets. After reports of tough trading conditions from several other drinks companies, analysts have trimmed forecasts of pre-tax profits to between £360m and £365m, an increase of 4 per cent on the 1991 interims.

Guinness has indicated that growth will be more than usually biased towards the second half this year because of the phasing of capital spending. Full-year profits are still expected to top £1bn for the first time.

RMC, one of the more stoical of the building materials company and so far helped by the buoyancy of its German operation, is expected to announce interim pre-tax profits of about £60m, down from £69.9m.

Apart from questions about margin pressure on ready-mix concrete in the UK, analysts will also be interested in whether RMC has any rationalisation plans for its block plants. Both Tarmac and Marley have announced closures in this field.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Blystad	5½	4½	4½	7.50	Allied
Continuous Stat	40*	36	34	6.60	Frontsprint
Gibbs Mew	200*	186	183	11.00	Brierly Invs
JS Pathology	175*	170	154	23.06	Corning
Magnetic Mats ‡	61	59	59	14.85	TT Group
Templeton G'brath	36*ǂ	286p	296p	$913m ǂ	Franklin

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 11/9/92. §§Shares & cash. ǂ Sterling equivalent £3.02 (value per share), £460m (total value).

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
AB Electronic Prods	Tuesday	-	0.1	-
Alumasc Group	Wednesday	3.2	6.6	3.55
British Data Management	Wednesday	-	-	-
CALA	Tuesday	1.15	2.25	1.15
Close Bros	Wednesday	2.8	6.0	3.0
Community Hospitals	Wednesday	2.2	3.8	2.4
Dalgety	Monday	7.15	11.35	7.5
Domestic & General	Tuesday	4.5	10.5	5.0
Dowding & Mills	Thursday	0.88	1.62	0.92
Everest Foods	Tuesday	2.2	4.6	2.2
FII Group	Monday	5.0	7.75	5.5
Foreign & Colonial High Inc	Thursday	1.2	-	1.2
Gabicci	Thursday	1.4	2.85	1.4
Gross (Edward) & Partners	Thursday	2.75	4.25	2.75
Haggas (John)	Tuesday	-	3.0	1.0
Logica	Thursday	1.15	2.35	1.15
Northern Industrial Improve	Wednesday	7.0	15.0	8.0
Osprey Comms	Tuesday	1.35	1.35	0.65
Photo-me Int'l	Monday	1.2	3.0	1.5
Polypipe	Thursday	1.2	2.35	0.85
Scholes Group	Tuesday	1.8	3.4	1.8
Second Alliance Tst	Monday	11.5	[illegible]	12.0
Star Computer	Monday	-	-	-
Tottenham Hotspur	Thursday	-	-	-
Trafford Park Estates	Tuesday	0.85	1.72	0.85
Triton Europe	Wednesday	1.0	-	-
Usher (Frank)	Thursday	1.5	2.5	2.0
INTERIM DIVIDENDS				
Abbott Mead Vickers	Wednesday	2.8	5.6	-
Acorn Group	Friday	-	-	-
Airbreak Leisure	Monday	-	1.812	-
APV	Thursday	2.0	3.4	-
Arjo Wiggins Appleton	Tuesday	3.3	5.05	-
Aspen Comms	Monday	2.7	2.2	-
Baynes (Charles)	Thursday	0.5	0.85	-
Bemrose Corp	Thursday	4.5	7.45	-
Bentalls	Thursday	[illegible]	3.25	-
Billam (J)	Monday	1.64	2.64	-
Bluebird Toys	Wednesday	-	-	-
Breedon	Friday	1.75	2.85	-
British Polythene	Monday	3.0	6.0	-
Business Technology Group	Friday	-	-	-
Calor	Wednesday	6.0	6.0	-
Campari Int'l	Thursday	4.6	9.0	-
Canning (W)	Thursday	2.94	4.35	-
Christies Int'l	Thursday	2.3	1.0	-
CI Group	Wednesday	0.825	1.22	-
City Centre Restaurants	Friday	0.45	1.01	0.45
Dartmoor Inv Tst	Wednesday	2.4	3.8	-
Davis Service Group	Thursday	2.75	6.25	-
Delta	Tuesday	4.2	9.6	-
Eadie Hldgs	Thursday	-	-	-
EBC Group	Thursday	3.5	4.5	-
Eidos	Wednesday	-	-	-
EIS Group	Monday	3.17	5.52	-
Exeter Pref Cap Inv Tst	Wednesday	-	-	-
FBD Holdings	Wednesday	1.6	2.0	-
Finlay (James)	Wednesday	2.0	2.15	-
Fired Earth Tiles	Friday	2.4	-	-
Fisher (James & Son)	Friday	2.0	3.6	-
Folkes Group	Thursday	0.575	1.8	-
Forth Ports	Monday	-	-	-
French Property Tst	Thursday	-	-	-
Goal Petroleum	Thursday	-	1.25	-
Guinness	Thursday	3.05	7.75	-
Halifax Building Society	Thursday	-	-	-
Hornby Group	Friday	-	9.0	-
Inchcape	Monday	5.0	7.5	-
Jeyes Group	Tuesday	2.6	3.8	-
Kingfisher	Tuesday	4.0	9.0	-
Kingston Oil & Gas	Monday	1.0	1.5	-
Kwik-Fit	Thursday	1.05	2.0	-
Laporte	Thursday	6.8	12.1	-
Legal & General	Thursday	6.2	12.6	-
LGW	Wednesday	-	-	-
Liberty	Friday	1.65	5.35	-
Linton Park	Tuesday	2.5	10.5	-
Lopex	Tuesday	-	-	-
Lowe (Robert H)	Friday	-	-	-
Macallan-Glenlivet	Friday	0.25	0.51	-
Magnolia Group	Thursday	1.75	3.65	-
Martin Currie Pacific	Tuesday	-	0.4	-
Mayborn Group	Thursday	1.4	2.8	-
MB-Caradon	Tuesday	2.75	5.75	-
Meggitt	Wednesday	1.2	2.4	-
Morgan Crucible	Monday	5.75	6.65	-
MTL Instruments	Thursday	1.0	1.9	-
New Throgmorton Tst (1983)	Wednesday§	-	-	-
Oliver Group	Thursday	1.07	-	-
Olives Property	Friday	3.0	3.0	-
P-E Int'l	Friday	2.0	4.2	-
Premier Cons Oil	Thursday	-	-	-
Quarto Group	Wednesday	1.61	3.64	-
Ransomes	Monday	-	-	-
River & Merc Amer Cap & Inc	Tuesday	-	-	-
RMC Group	Thursday	6.9	13.4	-
Roskel	Monday	1.3	3.0	-
Sanderson Murray & Elder	Thursday	3.0	7.0	-
Servomex	Monday	1.0	3.9	-
Sharpe & Fisher	Monday	1.5	2.5	-
Spandex	Thursday	1.9	4.1	-
Stag Furniture	Wednesday	2.5	4.0	-
Starmin	Tuesday	0.1	0.2	-
Steel Burrill Jones	Wednesday	4.25	9.0	-
Thames TV	Thursday	2.5	5.0	-
Tibbett & Britten	Tuesday	3.4	7.4	-
Trinity Int'l	Tuesday	2.5	5.8	-
Try Group	Wednesday	2.0	4.0	-
United Friendly	Monday	4.2	8.1	-
USDC Inv Tst	Monday	1.0	3.25	-
Wassall	Thursday	1.0	2.0	-
Waterford Foods	Wednesday	1.1	1.52	-
Watmoughs Hldgs	Tuesday	2.5	6.0	-
Wood (Arthur) & Son	Monday	-	4.1	-
World of Leather	Wednesday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ǂ = 1st quarter figures.

FINANCE AND THE FAMILY

Annuities: a big gap between best and worst

***Debbie Harrison** looks at the myriad market choices for those who are approaching retirement age*

BUYING AN annuity at retirement is the biggest investment most people ever make. But few insurance companies offer a complete range of products and few advisers know enough about the more technical options to provide a comprehensive service.

An annuity is a regular income for life, secured by paying a lump sum to an insurance company. Once the annuity has been bought it cannot be changed and, in most cases, the capital invested is lost when the annnitant dies.

By law, most of the proceeds of money purchase pensions must be used to buy a "compulsory purchase" annuity. A money purchase pension is one where contributions are invested to provide a fund at retirement, unlike pensions based on final salary.

Personal pensions, executive pension plans, free-standing additional voluntary contributions and contracted-out money purchase schemes are all examples of money purchase pensions.

The first step towards choosing the right annuity is to make use of the "open market option." This allows you to take the proceeds of your pension fund away from the plan provider and buy your annuity elsewhere. The top names in personal pension plans are quite different from the top names in the annuity market so, in most cases, it makes sense to shop around.

Annuities can be sold only by life offices because they alone have the size to cope with a large spread of risk. If your pension plan is provided by any other sort of financial institution – say, a unit trust group – then you have no choice but to use the open market option.

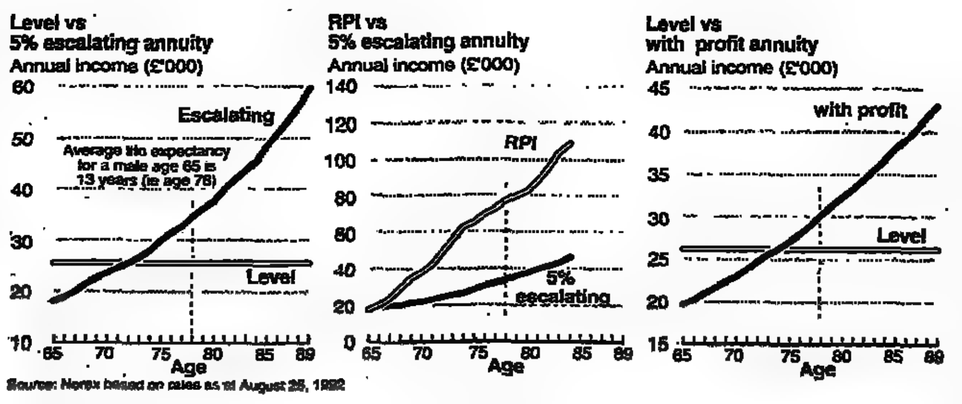
This can improve the income provided by your annuity by up to 25 per cent – the difference at present between the best and worst rates on offer. But some life offices penalise policyholders who use the option, while others pay a "loyalty bonus" to those who stay put (which amounts to the same thing). Either way, the differential must be considered when weighing-up the benefits of the better rates available under the option.

The annuity sold most commonly provides a fixed or level income for life. Its popularity is mainly because it provides the highest income at the start, compared with other options. Clearly, however, the "real" value of the income plummets once inflation takes its toll. Early retirement – whether voluntary or enforced – combined with increased longevity increases this problem.

In recent years, the choice of annuities has increased. Mitchell Philpott, account director of annuity specialist Norex Pensions Communications, says: "An annuity may be structured to provide a fixed rate of escalation, commonly 3 per cent or 5 per cent per annum, or increases may be linked to the retail price index (RPI). Each type of annuity obviously carries a cost in terms of a loss of income in the early years to compensate for increasing income in the later years.

"What is important is that each individual must strike a balance between their need to safeguard their income against inflation, their need for immediate spending power and perhaps, most important, their expectation of life."

Annuities: protecting the value of your pension



Source: Norex based on rates as at August 25, 1992

A limited form of inflation-proofing now applies to preserved pensions that are left behind in a company scheme when an employee changes jobs. The same provision for inflation-linking will be extended soon to company pensions being paid. In this light, it seems odd that a similar facility is not included automatically with annuities.

But the reason why few "5 per cent escalating annuities" are sold can be seen in Table 1. The initial income is about 30 per cent less than available with the level annuity, and the break-even point does not occur for 14 years.

The average life expectancy for the 65-year-old male used in the example is 13 years so, clearly, the life offices are not giving anything away here. But for those who live longer, the 5 per cent escalating annuity provides a much better deal after year 14.

With the future rate of inflation uncertain, there is a strong argument for an annuity that increases in line with retail prices. In the past, this has proved to be more expensive than 5 per cent escalation but, at today's rates, there is little difference between the two in terms of the initial income.

Only a handful of insurance companies offer RPI-linked annuities. These include Standard Life, Eagle Star, Prudential, Sun Life and Sun Alliance.

Table 2 shows how the RPI and 5 per cent escalating annuities would have compared over the past 20 years although, obviously, future inflation could be constrained by sterling's membership of the exchange rate mechanism (ERM). But, given the long-term nature of an annuity, the RPI link does provide additional insurance against high inflation when retirement is taken early and is expected to span two decades.

There are other types of annuity that can provide a hedge against inflation by securing growth through a unit-linked or with-profits fund. The with-profits annuity is a complex product and is offered only by Equitable Life and Prudential. (Provident Mutual offers a with-profits annuity but, generally, this is cost-effective for, and available only to, existing policyholders).

Under a with-profits annuity, people get a fairly low guaranteed income plus annual bonuses from the with-profits fund. To lift the initial income, it is possible to set an anticipated rate of bonus. Where the actual declared bonus rate is lower, the income will fall, and vice-versa.

Table 3 illustrates the difference between a with-profits and level annuity where the anticipated bonus is 5 per cent and the actual declared bonus is 8.5 per cent. To assume a bonus rate higher than 5 per cent would be taking a risk in the present environment and could lead to a falling annual income.

Unit-linked annuities are offered by just a handful of providers including M&G, Equitable Life and Commercial Union. Under this system, the value of the annual income reflects the unit value of the underlying fund and, as such, can fluctuate considerably.

As a long-term investment, the unit-linked route can provide an element of capital growth unobtainable with a level or escalating annuity but, for most people, this option should be considered only where there are other sources of retirement income to meet regular bills and spending.

Initial income under the unit-linked annuity is likely to be worth about 50 per cent of the level annuity. Some providers allow clients to boost this by incorporating an element of anticipated capital growth. The danger here is that if the underlying fund fails to achieve the predicted growth assumptions, then the annual income derived from the annuity will fall sharply.

Finally, depending on the type of pension arrangements used to yield the retirement fund, it might be possible to opt for phased retirement. For example, under a personal pension – and, from this year, a buy-out bond (used to take transfer values from company pension schemes) – it is possible to cash-in part of the plan to provide an annuity at, say, 60 and to leave the rest to appreciate in value until age 70 or even 75.

This option could appeal to the increasing numbers of employees who take early retirement and continue to work part-time.

■ *A free booklet, Annuities and Your Options, is available from Norex Pensions Communications, Norex Court, 195 Marsh Wall, London E14 9S6. Tel. 071-512-1000.*

Should I keep my annuity?

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I HAVE built up a substantial fund of money with an insurer under an old-style Section 226 self-employed retirement annuity scheme. This is now fully paid-up and no further contributions will be made. I am 63, but did not plan to cash it in until I am at least 65 and possibly (since I am not under immediate pressure) later, on the reasoning that a normal annuity purchase is best left as long as possible. In due course, however, this fund will form the greater part of my retirement pension.

I have already noted and am attracted to the concept of the with-profits annuity. My fund with the insurer has accrued over past years on a with-profits basis and appears to have done well. My company suggests (without making a recommendation) that I consider purchasing such an annuity now rather than holding on as outlined above. What are the pros and cons of this course?

■ We can see little reason for purchasing an annuity now if you do not need the income. The terms of the policy should enable you to go on rolling up investment income free of tax until you need it and if this is to age 66 or 67 the cost of each pound of annuity will be less because you are older and have a shorter life expectancy.

Thus you gain on two fronts: one, your will have a bigger money pot when you eventually retire as a result of further investment, and two, each pound of that bigger fund will buy you more pension. You can add to this pot by paying one-off single premiums each year from now until the date you eventually retire.

We cannot think why anyone should be recommending you to take your annuity now when the annuity payments will merely be added to your present income and therefore taxed at your top rate. The only plausible reason we can imagine is that the person hopes to earn a sales bonus by getting you to buy such an annuity with his company.

When you eventually retire it might pay you to shop around a few of the bigger insurance companies to see which is offering the best annuity rates at that time, but take care that you are comparing like with like. It may be wise to seek independent advice; if you do, make sure that the adviser is genuinely independent and discloses his or her terms of business and informs you of the commission rates on the policies on offer before you sign anything.

Funding an endowment

MY QUESTION is of special relevance to those parents with young children – say, 18 to 25 – who have been hit hard by the collapse in the UK housing market.

In many cases, these children have been forced by high interest rates to sell their homes and to cancel their mortgages and the associated endowment policy. Is there any virtue in parents taking over these endowment policies and funding them on the childrens' behalf, thus exploiting the regular gift allowances under the Inheritance Tax regulations while at the same time taking advantage of the relatively low premium on young lives and securing some life cover?

What would be the attitude of a building society if a young adult who was applying for a mortgage presented a policy on which the premiums were paid by his or her parents? Could the parents continue to pay the premium in this case? I have in mind an open arrangement, for example the premium is paid from the parents' bank account, but at some stage the offspring would become responsible.

■ An endowment is one form of saving and could therefore constitute a suitable gift from parents. Neither a building society nor any other mortgage lender need be concerned with exactly who pays the premium on such policies, as long as it is paid.

Whether endowment policies are the most suitable way of providing parental assistance is open to question. If the aim is to provide life assurance then low-cost term assurance gives much more cover for a minimal premium, leaving the balance of each year's gift to be invested more efficiently as a small capital reserve. This can be accessed when required without the surrender value penalties and high insurance mark-up on endowment policies. However, this is unlikely to be what an insurance salesman will tell you because a lot of this mark-up will be paid in commission.

Losses and capital gains

DURING the tax years 1989-90 and 1990-91, I incurred losses, for capital gains purposes, of £6,3000 and £62 respectively, on sales of equities. In the following year, 1991-92, I made a capital gain; but within my normal entitlement for that year. The same will probably be the case in 1992-93. Can I carry forward my losses for 1989-90 and 1990-91 to offset any excess gains in future years?

Yes, by virtue of section 5(4)(a) of the Capital Gains Tax Act 1979: "where the amount of chargeable gains less allowable losses accruing to an individual in any year of assessment does not exceed the exempt amount for the year, no deduction from that amount shall be made for that year in respect of allowable losses carried forward from a previous year".

Fidelity Money Funds

Make Currency Uncertainties Work For You. Apply Now!

US Dollar Hits New Low... Can it last?

Right now, the financial pages are full of currency news. In particular, the Pound recently went over the two Dollar level for the first time since 1981, making it historically very cheap for Sterling investors. If you feel that the Dollar is too low, and may be set for a sustained recovery, we offer a simple and cost-effective way for you to invest in Dollars now. Fidelity Money Funds.

International Currency Investment Made Easy.

Fidelity Money Funds offer investors a fast and efficient service, plus access to high rates of interest. You can invest in cash deposits in Dollars or 14 other major currencies; there is no minimum holding, and you can switch between currencies at any time by 'phone, at very favourable rates of exchange. There are no sales charges so all your money is put to work for you. And you can choose to have income accumulated or paid out every six months.

FIDELITY MONEY FUNDS CURRENT YIELDS

Australian Dollar	4.5%	Italian Lire	15.6%
Austrian Schilling	8.6%	Japanese Yen	3.1%
Canadian Dollar	4.0%	NZ Dollar	4.7%
Deutschemark	8.8%	Spanish Peseta	12.4%
Dutch Guilder	8.9%	Sterling	9.4%
ECU	10.3%	Swiss Franc	6.5%
French Franc	9.2%	US Dollar	2.3%
HK Dollar	2.8%		

Compound annual rates of return after all expenses as at 4/9/92.

Security of investors' capital is a prime consideration, so cash deposits are made only with creditworthy banks and specific limits apply to each bank.

A Simple Way to Invest Today.

To invest right away in Dollars, all you have to do is read the important information and complete and return the application form along with a cheque in Sterling for the amount you wish to invest. We will then convert it into Dollars at the best possible rate and invest it in the US Dollar Fund. You can, of course, invest in any other currencies offered. And when you want to withdraw your money, you simply telephone us and we convert your investment back to Sterling at the best available rate. On receipt of your written instructions we then send you a cheque.

If you would like further details before investing, talk to your Independent Financial Adviser or Callfree Fidelity on 0800 414191.

IMPORTANT INFORMATION ABOUT FIDELITY MONEY FUNDS

ABOUT THE FUNDS

Structure
Fidelity Money Funds is a term which covers two separate companies: "Accumulating" or "the Accumulating Fund" means Fidelity Accumulating Money Fund Limited and "Distributing" or "the Distributing Fund" means Fidelity Distributing Money Fund Limited. Both Funds cover the same fifteen currencies. The Funds have different objectives in that the Accumulating Fund does not pay out the income received but "rolls it up" (such income being reflected in the increased value of the shares in the Accumulating Fund), whereas the Distributing Fund pays out the income to investors every six months at the end of March and September each year.
Fidelity Money Funds are recognised schemes for the purposes of section 87 of the Financial Services Act 1986 of the United Kingdom. The Money Funds are not authorised persons under the Financial Services Act, nor are they subject to the rules and regulations under such Act. Investors should note that transactions in or a holding of shares in the Money Funds will not be covered by the provisions of the SIB Investors Compensation Scheme but they will be covered by comparable compensation arrangements in Bermuda. The prospectus (incorporating scheme particulars) and most recent half yearly report for each Fund are available on request.

Shares
Each Fund is an open-ended Bermudian company, operated like a unit trust or mutual fund, with fifteen classes of share, which are listed on the London Stock Exchange, each representing a different currency. The shares are redeemable and are designated in each of the fifteen currencies. Share certificates will not normally be issued but are available on written request.

Manager
Fidelity International Limited, P.O. Box 670, Hamilton HM CX, Bermuda.

Investment Manager and UK Representative
Fidelity Investments International, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ, England (a member of IMRO).

Custodian
The Bank of Bermuda Limited, 6 Front Street, Hamilton HM DX, Bermuda.

Pricing
Shares are priced at 12.00 midday (UK time) on each business day in the relevant currency. The price of shares is calculated by reference to the anticipated value of the assets attributable to the class of shares on the settlement date for the transaction concerned.

Publication of Prices
Prices and yields are published daily in the offshore funds section of the Financial Times and the South China Morning Post. They are also available on Reuters. Prices and yields are quoted after all fees and expenses. Current yields are shown in the table above. On each day the prices for each currency will be the same both for purchase and redemption.

Business Day
Transactions must be effected and settled on a "business day", which means any day (except Saturday or Sunday) on which banks are open for business both in the UK and in any other country whose currency is involved in the transaction.

Charges
There are no entrance, exit or switching charges for either Fund. There is an annual management fee of 1% per annum of the net asset value of each Fund, accruing each business day. In addition, there is a Custodian fee for each Fund of 0.03% per annum of the net asset value. The Funds also bear certain expenses as permitted by the Bermuda regulations.

Commission
Ongoing commission at the rate of 0.5% per annum is paid throughout the life of the investment to qualified intermediaries. Such commission will include all VAT and similar levies.

HOW TO INVEST
Investors can buy shares in Fidelity Money Funds on any business day with settlement three business days later.

Application Form and Cheques
Investors should complete the enclosed application form and return it with a cheque for the amount they wish to invest made payable to Fidelity Investments International. Investors may pay for their shares in any major freely convertible currency. In the case of sterling cheques drawn on a bank account in the UK, applications will be dealt with as soon as Fidelity receives the cheque. However, investors should be aware that there may be considerable delays for the clearance of other cheques, in which case Fidelity will only deal when notification has been received that the cheque has been cleared.

Settlement
Settlement of any transaction is due three business days after the transaction is effected. Fidelity reserves the right to cancel any transaction where payment is not received on the appropriate settlement day and to seek reimbursement for any losses sustained.

How to Convert Currencies
Investors can convert currencies by telephone, telex, fax or in writing. Fidelity's telephone lines are open from 9.00 to 17.00 hours Monday to Friday (excluding national holidays).

How to Redeem
Shares will only be redeemed when Fidelity has received a completed redemption form or, where the investor has authorised Fidelity accordingly, upon receipt of instructions in writing, by fax or telex. Where a share certificate has been issued it must be returned to Fidelity duly renounced. Investors who wish to limit their foreign exchange exposure may telephone first to convert their shares to the currency of their choice. On receipt of the redemption form Fidelity will redeem the shares for settlement in three business days. Settlement will be made by electronic payment to the customer's bank account anywhere in the world or by cheque posted to the holder at the registered address, at the holder's risk. Fidelity will not charge for this service.

Contract Notes
Applications will not be acknowledged, but contract notes for all transactions will be posted to the person named in the application or to their designated agent within twenty four hours of dealing. Investors will be required to complete and return a form containing registration details, specimen signatures and a residence declaration. This form will be sent with the contract note.

Taxation
Selection of the appropriate Fund may be affected by taxation implications and investors who are uncertain of their own tax position should obtain independent advice.
UK investors should note that, under current UK law (which is subject to change), dividends from the Distributing Fund are taxed as income even if they are reinvested automatically. The Fund anticipates receiving "Distributor Status" for UK tax purposes. In consequence the major part of foreign currency gains on disposals or conversions of Shares will normally be taxed as capital gains with indexation relief in the case of non-sterling currencies. Distributor Status has to be applied for retrospectively each year by the Distributing Fund and cannot be guaranteed.
Generally tax is not payable by UK investors on Shares in the Accumulating Fund until their disposal (or conversion); income entitlements "roll-up" free of tax, but realised gains (which will include such income) are taxed as income.

Reports and Accounts
Fidelity Money Funds' financial year ends on 31st January each year, the first period ending on 31st January 1993. Interim reports will be sent to shareholders on or about 30th September each year and final reports within four months of the year end.

Cancellation
Investors completing the attached application form will generally have no right to cancel the contract under the UK Financial Services (Cancellation) Rules 1989. If any transaction attracts cancellation rights, Fidelity will forward to the investor a cancellation notice in accordance with the above rules.

Notes
An investment in a currency other than the investor's own currency will be subject to the movement of foreign exchange rates. Yields from the Shares may fall as well as rise. The value of Shares may also be adversely affected by insolvency or other financial difficulties affecting any institution in which a Fund's cash has been deposited.

Fidelity Investments International acts as agent for Fidelity Investments Distributors (the "General Distributor") which has been appointed to assist the Manager in promotion of Shares of the Funds. The General Distributor acts as principal in the purchase and sale of Shares and may retain any profits made by it on the purchase and sale of Shares as principal. Administrative services are being provided by Fidelity Investments Luxembourg S.A to both the General Distributor and Fidelity Investments International.

This advertisement is issued by Fidelity Investments International, a member of IMRO.

APPLICATION FORM

To: Fidelity Investments, PO Box 80, Tonbridge, Kent TN11 9DZ.
(PLEASE WRITE CLEARLY IN BLOCK CAPITALS THROUGHOUT)

REGISTRATION DETAILS

Title: Mr/Mrs/Ms ____________
Surname ____________
First names (in full) ____________
Address ____________
____________ Postcode ____________
Telephone No. ____________

PAYMENT DETAILS

I enclose payment for £.... made payable to "Fidelity Investments International" and request that the shares be registered in the name set out in the registration details given above.

INVESTMENT DETAILS

Amount to be invested*
Enter amount that you wish to be invested in each Fund, expressed in £s. There is no minimum investment.

Fund	Accumulating Income	Distributing 6-Monthly Income
Australian Dollar		
Austrian Schilling		
Canadian Dollar		
Deutschemark		
Dutch Guilder		
ECU		
French Franc		
HK Dollar		
Italian Lire		
Japanese Yen		
NZ Dollar		
Spanish Peseta		
Sterling		
Swiss Franc		
US Dollar		

*Note: if you are investing into more than one currency fund, the table may be completed with percentages or amounts.

SIGNATURE

1. I hereby acknowledge that this application is made on the terms and subject to the provisions of the Bye-laws and Prospectus of the relevant Fund(s).
2. Individuals: I declare that I am not resident in the United States of America and that I am not holding and will not hold shares in either Fund for and on behalf of (an) individual(s) so resident. Others: I declare that I am not resident in the United States of America, or a US person (as defined in the Prospectus of the relevant Fund(s) or otherwise available from Fidelity) and that I am not holding and will not hold shares in either Fund for or on behalf of a person so resident or a US person.
3. I agree to notify you in writing forthwith should any of the foregoing cease to be correct in all respects.

Signature ____________ Date ____________ 19____

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Fidelity Investments

This advertisement is not directed to and shall not constitute an offer or invitation to invest in Fidelity Money Funds to any person resident in any country or territory in which such an advertisement or invitation or offer would be unlawful or subject to any restriction or requirement not satisfied by the terms of this advertisement and the circumstances of its publication and the issue of shares.

Risky step into the rug trade

***Nick Garnett** on a man who sold his travel agency to take an Oriental carpet ride*

THE ORIENTAL rug trade has earned for itself a rather tacky image. Allegations of pitifully-paid weavers labouring in near-slave conditions making carpets sold for bloated margins in Western department stores. Small shops in London's West End permanently displaying "closing down sale" stickers and offering bogus reductions on artificially-inflated prices. Spurious Sunday warehouse sales advertise low-cost wholesale deals that are nothing of the sort.

A minefield waits the ordinary buyer. The saving grace is that many types of Oriental carpets are gorgeous and can be good value. In many supplier countries the weavers work in conditions embedded in tribal and village culture.

In the perhaps surprising setting of Norwich, the very English couple, John and Kate Wright, entered this unusual market six years ago. With virtually no background knowledge of the rug trade, they opened a shop in the Norfolk city and now earn their living buying and selling Oriental carpets. Last year, the business sold £170,000 of rugs on which it made a net pre-tax return of about 10 per cent. This rather modest return is calculated after the couple extracted a salary of well over £20,000. Not surprisingly, Oriental Rugs of Norwich is feeling the uncomfortable heat of recession which has left the industry's warehouses piled high with unsold carpet.

Wright was the managing director and a shareholder in a local travel agency when the couple bought a large Victorian house in the mid-1980s.

"We started looking for Oriental rugs but there was really nowhere in Norwich. I thought specialist organisations were going to be the thing of the future. I thought we could make a business out of carpets."

While still retaining his holding in the travel agency, Wright found a two-floor shop in the centre of Norwich at the end of 1986 and began renting it at £8,000 a year (the rent is now £12,000). Persistent questioning of people in the trade unearthed some names of carpet importers and the remarkably modest sum of £15,000 bought enough carpets to stock one floor.

The customer base and rationale of the business is the same now as it was then. Almost all the Wrights' customers are "local" with about one-fifth of them tourists. Wright claims to offer carpets at prices lower than those at most outlets. "We don't add anything on to the price to take off in bargaining. The price we show is what you have to pay." The gross margin – the difference between what Wright pays and what he sells to the customer for – is about 30 per cent.

Wright's average retail price is £350, relatively low mainly because more than one-quarter of sales are of generally cheaper Chinese rugs. Prices range from £70 for a small open-back Chinese rug to £6,000 for a 15-feet Persian Kashan. Pakistan-made Bokharas start at around £200, a geometric-patterned Melas from Turkey at £1,200 and a silk Qum from Iran at £1,500.

Though Wright has visited a large number of weaving centres in Asia, he buys virtually all his stock from Asian importers in the UK. "You cannot compete on price unless you do. An importer might be buying £1m or maybe 100,000 square metres of carpet at a time. He gets the benefits of quantity. A big importer might be able to get carpets at 25 per cent less than we would." Wright believes the importer is making a similar 30 per cent margin.

How does Wright know he is getting a reasonable price from the four or five main importers that he uses in London? "It is a matter of trust. I haggle down to the last half per cent. It's part of the job I enjoy. You can establish the lowest point. I know we get the same price as other buyers."

The Wrights choose each carpet they purchase. "Kate does most of this because I think she has a particularly good eye for it." Much of the shop's stock is hauled up from London in the Wrights' estate car. The company employs two shop assistants. One, Claire Carrington, has a fine arts degree and commands the kind of knowledge a lot of customers like: knot counts (an extremely fine carpet will have between 300 and 800 knots per square inch); the desirability of Persian carpets from Qum, Isfahan and Kashan; the horizontal looms used by nomadic tribal groups and the vertical looms of the village; the differences between an Indian Kaimuri, a Persian Sarouk and a Turkish Melas; the tribal designs from Afghanistan; the use of extensive flat-weave Kilim on the edge of Belouch rugs.

The recession hit the company late but when it did – at the end of last year – the impact was immediate. It has cut the company's shop sales by close to one-third. "It is the more expensive carpets, above £1,500, where sales have been hit," says Wright. A significant drop in the cost of purchasing carpets from Iran has not helped much, even though Wright says he is passing on these reductions to the customer. The retail price of Chinese carpets has fallen 40 per cent over the past five years, partly because of a glut.

Some importers in London have also begun to offer substantial reductions on Persian carpets in the wake of the twin impact of enormously-distorted black market currency and Iran's need to earn more foreign currency.

To try and build new trade, Wright has begun showing carpets in potential customers' homes. "The other day, I went to five houses and sold at three." He is also keen to take contracts on commissioning the making of carpets for private organisations. He has just completed one for a huge carpet for Sidney Sussex college, Cambridge, and is talking with one or two of the university's other colleges. Wright is also looking at the possibility of opening a shop in Cambridge, though the recession has worried him and he remains anxious about its length and depth. He knows that his business could be seriously harmed if another specialist carpet shop opened in Norwich.

Having sold his stake in the travel agency, Wright is glad to have made the switch. "No matter how many times you go through the pile of rugs with a customer you never get tired of talking about them. It is an enjoyable way of earning your living."

■ *Oriental Rugs of Norwich, 4 Bedford St, Norwich NR2 1AR. 0603-631520.*

Lydia van der Meer

Sales pattern: John Wright with samples of the wares at his shop in Norwich

Publisher to the English eccentric

***Clive Fewins** on a man who specialises in odd books*

IN 1962 John Rotheroe founded what has become one of Britain's notable minor institutions – Shire Books, of Princes Risborough, Buckinghamshire.

As the company celebrates its 30th anniversary Rotheroe gains modest satisfaction in knowing that there is scarcely a bookshop in Britain that does not stock at least one of the 850 titles published so far.

Similarly there cannot be a single English eccentric who is not familiar with at least one of these titles, that range from dummy boards to dovecotes, from Egyptian coffins to East Anglian village signs.

"If the subject is sufficiently offbeat or obscure we will consider it," said John Rotheroe, 56 who owns and runs the company with his wife Jacqueline, though he admitted that with an average of three to four books offered to him every working day the majority of aspiring authors are disappointed.

Rotheroe spent two years working in a London advertising agency after he left the London School of Economics with a degree in medieval economic history, even so he is not a man given to seeking publicity.

"We did once achieve fame – in a *Guardian* fourth leader that enthused about a book we produced in the late 1960s on ancient hill figures," he said.

His favourite way of promoting his staunchly independent seven-person company is to spend many days – including weekends – "on the road", visiting some of the 6,000 accounts in this country, most of whom he knows personally.

"They range from very large branches of W H Smith to museums, stately homes and small parish churchs – Orford church in Suffolk is our oldest account," he said.

"Visiting the customers regularly not only results in sales, but returns, which, strangely enough, I do not mind," Rotheroe said.

"A lot of our titles are so obscure that booksellers find they can't sell them, so it is our policy to buy these back at the price we charged for them. Some people think this is odd, but it is only common sense really. It does nobody any good having old tatty unsold paperbacks hanging around. Besides, returns total only about five per cent, and we build this figure into our costings."

The best selling titles might sell as many as 3,000 of the 500,000 books Shire expects to sell in a year. Titles such as John Bly's *Hallmarks in English Silver*, *Heraldry*, and *Your Family Tree* have been reprinted many times. The Bly book has gone through 13 reprints.

For the effort in selling this number of books – and often in mailing a single book worth under £1.50 after the retailer's discount is taken into account – Shire turns over a mere £650,000 a year. Profit this year could well be as low as £40,000 before tax.

Most of this figure will be ploughed back into the company. It is many years since Rotheroe borrowed money.

This partly explains why, even if the Rotheroes wished to sell out, no large publisher would be keen to acquire the company.

"Our low figures keep the big boys away. We have had one or two nibbles, but not for many years," Rotheroe said.

> *Shire Books authors include 80-year-old Harry Beran who has just produced **Betel Chewing Equipment of Eastern New Guinea***

"We should probably be a lot more profitable if we restricted our number of titles (500 are in print), but that would take away a lot of the fun. Warehousing for small books such as ours is not expensive and I like to be able to supply the odd unusual title, if that is what a customer wants."

"I am particularly proud of our Shire Ethnography series. To say they were loss making would be a kind way of putting it. But nobody was doing cheap ethnography – our titles cost £3.50 – and there was a need. We have some of the best names in the subject between our covers. They include 80-year-old Harry Beran, who has just produced a volume entitled *Betel Chewing equipment of Eastern New Guinea*.

Shire Books has only one outlet in New Guinea and only 10 per cent of its sales are overseas. This is an area Rotheroe would like to expand, though probably not yet, its Australian distributor recently went down leaving them with an £8,000 debt.

Even so, Rotheroe says the recession has affected Shire far less than bigger publishers.

"I think this is because we are so widely spread," he said "Invoices average around £10, so although this is very labour intensive it rarely means we are owed great deal by a single customer.

"Nevertheless this year we are not really expecting to make much more than the previous year. The recession has affected the tourist trade, which has in turn affected us. Also with so many museums now charging for entry we find people are less inclined to buy a book in he shop at the end of their tour.

"They often used to do this automatically as a sort of thank-you gesture.

"However we always try to take a long-term view. We look upon the ethnography titles as a 15 year project. It will probably be that long before people start taking notice and buying them in numbers.

"We have also had some success in producing books ahead of demand. A good example was the Comics title in our Discovering series."

Another keystone of the Shire policy is updating whenever a title reprints.

"We try hard to keep our subject matter current," he said. "Although we pay our authors an advance of only about £600 for a 5,000 word Shire Album title and a royalty of 5 per cent, through regular updating and a low selling price we keep them in print for years. So many books have a small print run, a high cover price and a very short life."

To keep prices down – books in the Shire Album series for example have cost £1.95 for the past three years – the company does nearly all the design in its 17th century town house headquarters in the centre of Princes Risborough. Only the photographs are added to the page at the company in Wales that has printed nearly all their titles for the past 20 years.

"Low prices are our creed," Rotheroe said. "When we started we were selling books at the price of a gin and tonic. Now I say that some of our titles cost no more than the price of a pint of beer.

"Very often a Shire book is an impulse buy – it is the 'ooh' factor we so often sell on. And you can only achieve that by keeping prices low.

"It means we don't make huge profits. But we manage to survive and enjoy ourselves on all the obscure topics we do. It would be flattering to be imitated. But nobody would want to. Our books are too slow selling."

■ *Shire Books free autumn catalogue is available from Cromwell House, Church St, Princes Risborough, HP27 9AZ, Tel: 08444-4301.*

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	10.00%	Yly
Norwich & Peterborough BS	Post Master	0733 371371	Instant	£1,000	10.25%	Yly
Britannia BS	Capital Trust	0800 654458	Instant	£2,000	10.40☆	Yly
North of England BS	Edinburgh A/C	091 510 0049	Instant	£25,000	10.75%	Yly
Allied Trust Bank	3 Mth Notice A/C	071 626 0879	3 Month	£2,001	10.91%	Yly
Skipton BS	Imperial Bond	0756 700500	7.8.94	£5,000	11.00#	Yly
Chelsea BS	Premier A/C IV	0800 272505	31.1.95	£10,000	11.75♣	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.68%	Yly
Julian Hodge Bank		0222 220800	5 Year	£20	12.50%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	11.60%	Yly
National Counties BS		0372 742211	5 Year	£3,000	11.50%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	9.50%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	9.60%	Yly
				£25,000	10.10%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	Intl Gross	0481 715735	Instant	£500	9.50%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000	10.55%	Yly
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000	10.50%	OM
				£50,000	11.25%	OM
Bristol & West Intl Ltd	Int Fxd Rate Bond	0800 833222	1.10.93	£50,000	11.00F	OM
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	8.50%	Yly
Cannon Lincoln FN		081 902 8876	2 Year	£2,000	8.50%	Yly
Laurentian Life FN		0452 371371	3 Year	£20,000	8.75%	Yly
Consolidated Life FN		081 940 8343	4 Year	£2,000	8.25%	Yly
Laurentian Life FN		0452 371371	5 Year	£50,000	8.95%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.25%	Yly
	Income Bonds	wef 18.9.92	3 Month	£2,000	9.00%	Mly
	Capital Bonds E		5 Year	£100	10.00F	OM
	First Option Bond		12 Mths	£1,000	9.67%F	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	38th Issue		5 Year	£25	7.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond C		5 Year	£25	10.10F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. # = Rate fixed until 31.1.93. ♣ = Rate fixed until 1.2.93. ☆ = Rate Guaranteed not to fall before 1.1.93. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

Cookery

What's good for the goose

Philippa Davenport considers seasonal accompaniments

LAST December, I received a parcel by special overnight delivery from Worcestershire. Opening it was as much fun as unwrapping a Christmas present. Inside was a neatly trussed bird from Goodman's Geese, nestling under folds of waxed paper between fragrant layers of rosemary and sage – fistfuls of them, not a few puny sprigs.

Rarely has meat looked more appetising. The skin of the bird was not clammy but dry, not sickly white but pale honey, sure signs of a healthy outdoor life ranging free in grassy pastures, guzzling corn and pecking at straw. And alongside the bird were two little boxes, one containing the giblets, the other filled with solid wodges of rich and delicious goose fat.

The proof is, of course, in the eating. This bird tasted every bit as good as it looked. Killed in its prime and hung properly it was rich, firm, gamey, and exactly as Christmas goose should be, nicely matured after feasting on grain and having put on its "liberty vest," a little layer of fat between skin and flesh to protect against winter chills.

Slightly younger goose, the autumn bird which is said by

some to be goose at its peak, is flavoured a little more delicately. It is less gamey and the meat is juicier. This so-called Michaelmas goose, once even more popular than Christmas goose, was the bird that many tenant farmers traditionally presented to the landlord when paying their quarterly rent in the hope that they could perhaps dissuade him from increasing it.

I have never eaten Michaelmas goose but I will this year: the memory of last Christmas's goose has convinced me that this is a bird worth feasting on more than once a year, and I like the idea of tasting it at different stages.

Judy Goodman, of Goodman's Geese, has been at the forefront of the resurgence of interest in geese, a vital fighting force in reinstating goose on our Christmas menus. Having achieved a good level of Christmas sales, she now aims to put Michaelmas goose back on the culinary calendar as well.

This year is her 10th growing geese. She began in 1982 after a gastronomically sad Christmas (in other words, one without goose on the menu), by growing just a few birds for family and friends. This year, Goodman's Geese will grace 2,000 tables.

Judy Goodman is the most practical, down-to-earth and business-like farmer you could hope to meet, a homely, middle-aged woman fairly fizzing with energy, good humour and marketing ideas.

She admits to a surge of pride at the sight of her geese in the food halls of Harrods and the Army & Navy stores, and in top-notch butchers such as Millhouse of Clifton in Bristol; and she rejoices in a gratifying ratio of repeat purchases and standing orders among personal customers who buy at her farm gate or by overnight delivery.

The date of Michaelmas seems to be a moveable feast, so why not choose whatever suits you. September 29 (or the Saturday after) is popular in many areas; October 11 remains traditional in Norfolk; while the goose-eating autumn feast in northern Europe is celebrated on Martinmas, November 11. Or perhaps Hallowe'en or bonfire night commends itself to you.

Given that goose has different eating qualities at different stages of the season, I like the idea of varying the accompaniments accordingly. Early autumnal fruits would seem the most appropriate choice for goose in September – and nothing is flourishing more furiously this September than plums.

So, I shall probably serve my Michaelmas roast goose at the end of the month with sloe and apple jelly or perhaps a compote of prunes – the smallest and bitterest of the plum family, or the largest and sweetest.

The other thought that appeals to me is making a goose-neck pudding. I have sometimes considered doing so at Christmas but there never seems to be enough time then. Michaelmas, minus the same pressures, seems a good opportunity to have a go.

When I mentioned this to Goodman last week she agreed, obligingly, to supply the goose I was ordering with the whole goose neck in one piece and still encased in its skin. (It is said to be best to delay stripping the skin from the neck until you are ready to use it.)

She also expressed willingness to supply *Weekend FT* readers with whole goose necks in the same way if so requested – providing she is given good notice and the orders are for geese to be sent by overnight delivery in September, October or November. In December she is, unsurprisingly, too busy to prepare necks in this way.

SLOE AND APPLE JELLY

2¼-2½ lb sloes depending on how plump and juicy they are; ¾ lb crab or cooking apples (windfalls will do providing soft spots are cut out before weighing); granulated sugar; a few bay leaves.

The traditional thing is to delay picking sloes until after a frost, or to prick them with a silver fork. Modern cooks simply freeze the fruit briefly: the skins will split as they thaw and so encourage the release of the juices.

Put the sloes into a pan together with the chopped apples, a couple of bay leaves and just enough water to cover. Simmer gently until fruit is very soft. Tip the contents of the pan into a jelly bag suspended over a bowl and leave to drip overnight.

Measure the juices and reheat them gently, adding warmed sugar at the rate of 1½lb per 1pt of juice. When the sugar has melted, fast-boil until setting point is reached. Pot in small jars adding a bay leaf to each one.

COMPOTE OF PRUNES

When fresh chestnuts are available a little later in the year, 1 lb of them, roasted and peeled, make a splended addition to this compote – but do not mix them in until ready to serve.

14 oz large prunes; 1 pt tea (Earl Grey or Lapsang Souchong for preference); 2 star anise; 3 allspice berries; 2 cinnamon sticks; 5 cloves; curls of peel shaved from an orange; 5 tablespoons of rum or armagnac.

Bruise the spices. Put them into a pan with the tea and bring to a simmer. Away from the heat, add the prunes, orange peel and spirits. Stir well and push the fruit well down into the liquid. Cover tightly and leave in a cold larder for 48-72 hours, stirring occasionally if passing.

When the goose is roasting, strain the prunes, discard the spices and bring the prune liquor to boiling point. Boil for one minute. Pour the scalding liquor over the prunes, cover and place in the plate warmer so the fruit is gently and thoroughly warmed through by the time the compote is served.

■ *Goodman's Geese*, Walsgrove Farm, Great Witley, Worcester WR6 6JJ. Tel: 0299-896-272.

A vodka or two in Tbilisi

Nicholas Woodsworth falls victim to Georgian hospitality — and wonders how they manage to live so long when they drink so much vodka and eat so much spicy food

TIMES are as hard for cooks as they are for everyone else these days in the former Soviet empire, and it is not always easy to get something to eat. So when I found a small restaurant on Pushkin Avenue, in the Georgian capital of Tbilisi, actually open and serving food, I went in and sat down gratefully.

It was not much of a place; just a few tables covered with plastic tablecloths and laid with bent and tinny cutlery. A fluorescent tube flickered on the low ceiling and a cold draught blew in under the door. In a kitchen behind a self-service counter, greasy pots sat on a sauce-spattered cooker. It was not the world's most cheerful establishment.

It was much more cheerful, though, than the world that lay immediately around it. Just outside the door, soldiers of the Georgian National Guard patrolled the streets, Kalashnikovs cradled on their chests. Store-front windows were smashed, buildings were pock-marked with bullets, and many shops and offices were closed.

Since declaring independence from the Soviet Union, Georgians had been swept up in a spiral of economic chaos and political violence. Arriving in a lull between bloody demonstrations, and street battles, I found little sense of pleasure or relaxation in Tbilisi.

Great was my surprise, then, when I noticed a party of five elderly Georgian men celebrating in a small alcove at the back of the restaurant. None appeared to be under 80. Dressed in baggy suits and flat caps, their stubbly, unshaven faces flushed with drink and emotion, they were carrying on as if in advanced warm-up for a bacchanalian orgy.

In front of them lay a table scattered liberally with the remains of grand over-indulgence: kebab skewers, chicken bones, empty cigarette packets, scraps of food, the gnawed stems of pickled peppers, bowls of spicy sauces and condiments, a dozen empty pots and serving dishes, and countless wine and brandy bottles. The feast had been a large and protracted one.

The main meal over, the party had turned its attentions to drink, and was well along its way to inebriation. There were long, loquacious and emotional speeches, whiskery kisses and bear-hugs of comradeship, and many, many up-endings of tumblers brimful of brandy. By the time I had finished eating and was getting ready to leave, the old gents were preparing their voices for a round of five-part Georgian counterpoint. As far as they were concerned, it seemed, the world had never been a more convivial place. The incident so impressed me that it was the first query I put to Nino, my Georgian guide, as we rattled out of Tbilisi on our way to a tour of the high Caucasus mountains.

Nino laughed. Such a thing, she said, was not so strange as it might seem. "We Georgians have a reputation for good living. For us, friendship, generosity and hospitality are the most important things in life. We love to get together, to talk, to sing, to eat and to drink; probably a little too much, sometimes."

That was all very well, I replied, but even the most enthusiastic of *bon vivants* tend to find tear gas and riot truncheons something of a damper to any celebration. But, once again, Nino found little out of the ordinary in this.

"What you saw last night," she said, "was not so much celebration as commiseration. Georgia has been a land of violence and suffering through much of its 3,000-year history. In the past 1,500 years alone, Tbilisi has been invaded and sacked 29 times."

"When we get together to eat, it is often to share not just food but our suffering. When we toast each other over brandy, it is not in congratulation but to ask for peace, security, fraternity and all the other things we need so much and rarely have. Tbilisi is a sad place right now. I hope we will have a chance to see Georgians when they are really happy."

And so, a little while later, we did. What Nino did not mention, but what I was soon to find out in the mountain village of Ushguli, was that the Georgian code of hospitality extends not only to friends and family but to complete strangers as well.

The inhabitants of the isolated villages of the Caucasus may no longer believe, as once they did, that guests come from God, but they continue nonetheless to reserve a heavenly welcome for them. Nowhere is Georgian hospitality demonstrated more effusively than at the dinner table.

Protected behind a high wall of mountains, Georgians are something of an anomaly among the many peoples of the former Soviet Union. Gregarious, emotional, sensual, jealous of their traditions and and ferociously proud of their fertile land, they have far more in common with the Mediterraneans than their cousins to the frozen north. As in character, so in food. Ask any Russian in Moscow where you can get the richest, most lavish meal in town and chances are that he will point you to one of the capital's highly-popular Georgian restaurants.

While much of Russia's daily cooking revolves around cabbages, beets, potatoes and turnips, that of Georgia, taking advantage of productive soil and a warm climate, is a far more exotic affair. Italians, Turks, Greeks, Moroccans and Frenchmen might all be excused for finding elements of their own cuisine in the area's rich fare.

Georgian cooking is, however, unique. Georgians are great meat-eaters but their classic dishes, based on lamb, pork and chicken, are enlivened by additions of great variety and contrast. Georgians are not afraid to combine many different tastes in one individual dish. Take, for example, the popular dish *pkhali* – minced spinach mixed with ground walnut paste, vinegar, garlic and spices, the whole topped with tart pomegranate seeds. The result, incongruous as it might seem, is delicious.

Nor do Georgians shirk from serving highly different dishes at the same table at the same time. Ground hazelnut stuffings; delicate spicings of basil, coriander or tarragon; meat dishes set off by pomegranates and plums; fiery sauces of chilli peppers and garlic; cooling preparations of yoghurt and mint; *mille feuille* pastries dripping with honey – typically, all will be found at one time at the same Georgian meal.

Individual courses, in fact, have no place in Georgia. What is crucial – an expression of the Georgian exuberance for abundance, generosity and sharing – is that the table is covered from one end to the other.

Loaded with serving bowls, platters, tureens, heaped plates, bottles of all descriptions and glasses that are never empty, it must creak with the sheer weight of food and drink.

More than 7,000 ft high in the mountains and a 14-hour, spine-rattling Jeep ride from Tbilisi, Ushguli largely is cut off from the rest of the world and, on the whole, remains as self-sufficient in food as it does in everything else.

Snowed-in for most of the year, and with only the shortest of summer growing seasons, the village cares as little for such normal Georgian delicacies as stuffed baby aubergines as it does for communist theories of collective production; neither has much role in this rude and demanding climate where families rely on their own efforts to survive. What counts instead in these high mountain valleys, and has counted since the bovine religious cults of pre-Christian times, is cattle breeding and the products that come from it.

Stocky cattle farmer Kolia Nijaradze did not slaughter an entire cow when we pitched up, tired and hungry, in Ushguli; such an operation is reserved for special festivals and involves the whole community. But visits to Ushguli are rare, and guests honoured there. Shortly after we were taken into the warm kitchen of Kolia's solid, stone-built house, his daughter disappeared out the back door with a long knife and a large tub of boiling water.

The terrific, high-pitched squealing that broke out a minute later ended in a sudden, ominous silence; before long, a good-sized baby pig, its skin scalded of bristles and its throat sewn-up neatly with thread, was baking in a cast-iron stove that was stoked until it glowed red.

Suckling pig, wild mushrooms fried with mountain herbs; a fresh, mint-sprinkled, mozzarella-like cheese swimming in a bowl of warm milk; various pork organs simmering in a hot pepper stew; newly-baked bread with yet more cheese cooked and melted inside – this is only some of the fare that appeared on the table when, along with Kolia's brothers, cousins, father, uncle and friends, we sat down to dine.

I remember discussing mountain trout-fishing with Kolia's cousin, and wild goat-hunting with his father. But at this point my recollection of the conversation, and the meal itself, grows somewhat hazy.

By the time the second bottle of vodka had been opened and we had toasted St George, patron saint of both Georgia and England, I was feeling elated and ready to give up life in the West, marry Kolia's red-cheeked daughter, and settle down in Ushguli.

After we had finished the fourth bottle and elaborated numerous toasts to international friendship, I realised what I was up against – not only eaters, but also drinkers of epic stature. A permanent life in Ushguli, I saw, might prove strenuous.

Some time after the fifth bottle of vodka, when we had moved on to toasting our genes and future generations and were beginning to limber-up our voices for a little counterpoint, I had to admit I was no match for the Georgians, and conceded.

Stumbling upstairs and falling into bed, I found myself thinking of the five lusty octogenarians singing in that little Tbilisi restaurant. How, if this was the kind of life they had led one decade after another, had those elderly gentlemen survived so long? Was it possible to over-eat, over-drink and over-smoke oneself into vigorous old age?

The secrets of Georgian longevity have yet to be revealed, and more investigation is needed. But given the boundless nature of Georgian hospitality and the pleasures of the table there, there can be no lack of researchers. Having barely recovered from my first bout of inquiries, I drifted off in happy contemplation of further intensive study just a short night and a sunrise away.

A wee, fruity dram

Giles MacDonogh samples the delights of the Jura distillery

BREAKFAST at the Jura hotel is nothing special but I enjoyed the tea, which tasted of peat. While I ate, my mind turned to the nearby whiskies of Islay, in the Inner Hebrides. Often, these are characterised by their peaty flavour. Many assume – quite wrongly as it turns out – that the taste must be caused by the same water that was having so much effect on my tea. A pungent, peaty malt is something whisky drinkers love or loathe, and it is associated traditionally with Islay, Jura's neighbouring island across the sound to the south.

Oddly enough, however, when you call for a dram at the hotel bar, or saunter across the narrow road which separates the hotel from the Invergordon distillery and sit down for a drink with Willie Tait, the manager, you discover that the Jura malt has no noticeable peaty taste. Peat flavour comes from the smoke drying of the malt. You have to want the whisky to taste of peat and Tait and Trevor Cowan, Invergordon's chief blender, are adamant they do not.

Inside the largely modern distillery, Tait will point out his tall, copper stills. These, he tells you, are there to give elegance to the whisky. A squat, dumpy still would give more flavour, perhaps, but it might end up by making the whisky coarse.

Opinions vary considerably on why the flavours of whiskies differ so greatly when the techniques and materials used to make them are so often the same. Many distillers will point to the stills as the origin of style; all of them stress the water, too. It is the presence of trace elements in the mountain streams which imparts the character to so many different malts.

Something also must come from the sea. The Jura distillery is on the strand in Craighouse, the island's answer to a metropolis. Whisky loses about 2 per cent of its volume in cask each year. The air that replaces the liquid is impregnated with sea smells. There are even traces of iodine in the spring water which runs down into Craighouse from up near the Paps of Jura.

But Jura is a well-mannered malt. The basic 10-year-old in its double bass-shaped bottle has just a touch of iodine overlaying its fruity, nutty character. A real treat is the 26-year-old, which is released under the Stillman's Dram label. Only 1,800 bottles were made of this delicate, almost floral whisky with a slight whiff of crystallised fruit on the nose. It is one over which you can pore for hours, exploring its varied nuances. Moreover, all the flavour is derived from the whisky: very little sherry wood is used here.

Across the Jura sound, Bruichladdich also is part of the Invergordon group. From an architectural view, it is rather more exciting than Jura; its whitewashed distillery buildings are substantially as they were built in 1881. Another surprise is to find many of the old machines still in use.

The malt continues to be ground in what looks like the original grist mill, while the distillery floors are supported by cast iron Doric columns and the wort is made in a mash tun dated 1881. Out in the courtyard, there are warehouses with earth floors. Their absorbency is meant to make a considerable difference to the ageing of the spirit.

Bruichladdich is run by Ian Allen, a quiet man in comparison with the waspish Tait. As his distillery is situated on Islay, you might be excused for thinking it is part of the Laphroaig or Lagavulin school which have between 40-45 parts per million of peat. But you would be wrong: Invergordon maintains the same peating policy at Bruichladdich as it does at Jura: two parts per million.

Proof of this came with the wonderful 21-year-old Bruichladdich, one of the fruitiest whiskies I have tasted. It is a flavour which deserves to be known better, being in stark contrast to the wilder character of the more widely-distributed Islay malts. Many would find the Bruichladdich style far more their cup of tea.

HOW TO SPEND IT

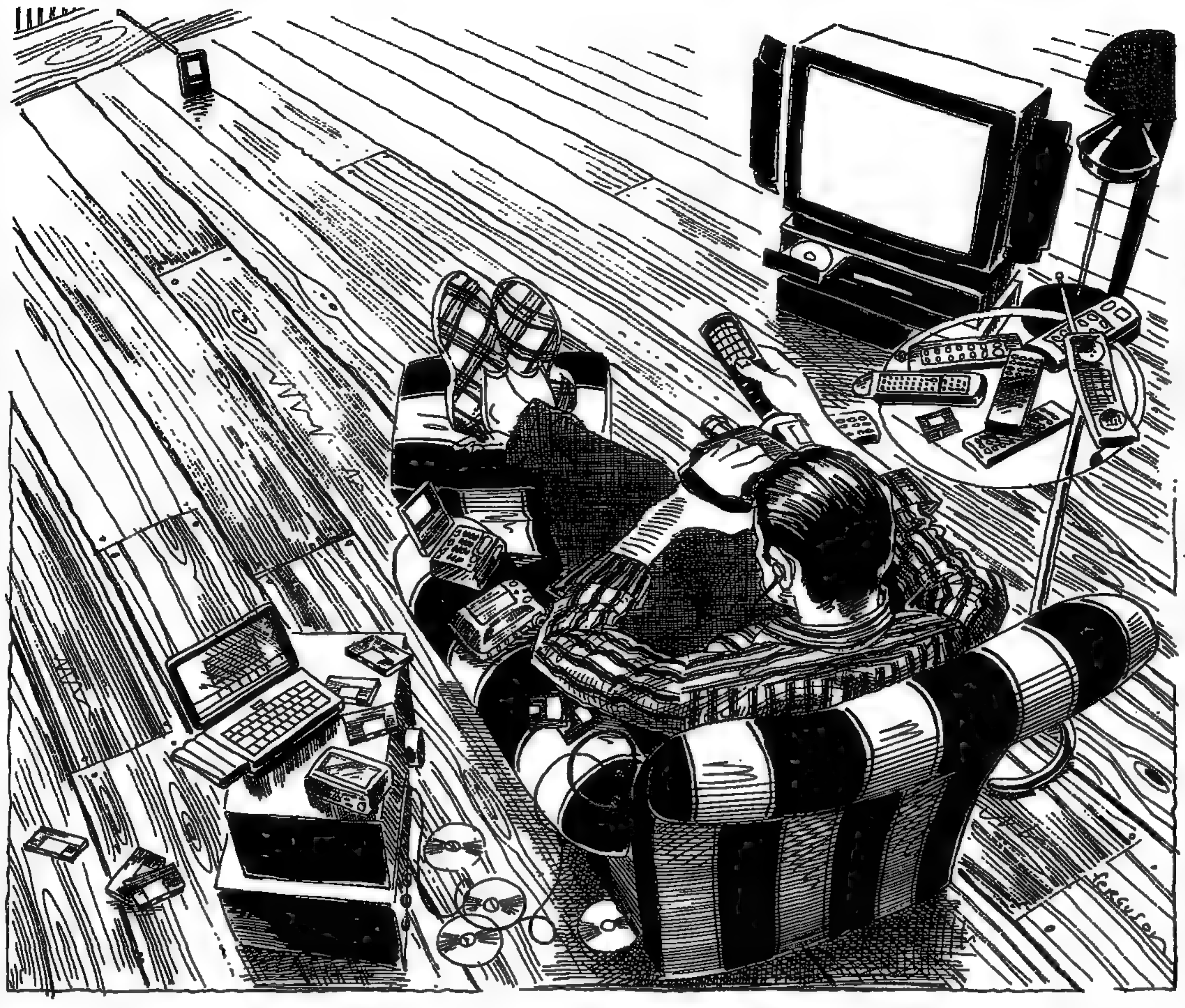
Gadgets and gizmos for the techno-freak

***Michiyo Nakamoto** looks at the latest electronic offerings to make the most of a push-button life*

THE GARDEN parasol is back in the shed, the photographs from *Paradise Isle* have long been filed, or stuffed into boxes, and many people will be in low spirits as they come to grips with post-holiday blues.

Not to despair. This autumn promises a number of sophisticated electronic gadgets to carry anyone away on a flight of fantasy, or at the least, to inject a buzz into the routine of everyday life.

In all sectors of consumer electronics, manufacturers have been inventing gadgets to rekindle some spark in demand after what has been, for them, a lacklustre few years. In the months to come we can expect to see a number of exciting new products, as well as a range of improvements to familiar ones that will make life a lot more entertaining . . .



AUDIO

Top of the list must be the range of portable audio products being introduced by Philips and Sony this autumn. These will feature compact disc quality hi-fi sound and have caused something of a stir in the industry.

Digital Compact Cassette – or DCC, as it is more commonly known – is a digital audio cassette developed by Philips which should replace conventional analogue cassette tape recorders. The rival to DCC being launched by Sony in November is the MiniDisc, best described as a small CD.

Both formats will enable CD enthusiasts to carry the crisp and clear sound of CDs with them when they are out and about without worrying about "sound skipping", the jogs and jumps that can occur with conventional portable CD players. They can also be used to record CD-quality sound.

The DCC tape will be enclosed in a protective case, so those with children need not worry about little sticky fingers pulling their favourite Mozart tape out all over your living room floor. The MiniDisc is also in a protective case for easier portability.

The benefit of DCC is that it will also play conventional analogue cassettes, as well as the new digital ones. As for MiniDisc, the biggest advantage it has over DCC is that it offers random access – the ability to skip from any one track to another.

The crucial question for both, however, is whether there will be sufficient recorded music to play on the new equipment when it is launched, although both Philips and Sony are confident that there will be "hundreds" of titles available on each format at the launch date.

The digital tapes and MiniDiscs are expected to retail at prices similar to CDs but Philips and Sony have not *announced European prices for* the portable units.

For the home-based audio enthusiast, the most exciting product on offer in the coming season is the wide-imaging stereo loudspeaker manufactured by Canon. Unlike conventional stereo speakers, Canon's WIS speakers provide stereo sound regardless of where you physically are in the room. With conventional speakers, the stereo effect is only available within a limited area, known as the "hot spot," where sounds from each speaker overlap. Anywhere else, what you hear sounds as if it were coming only from the closest speaker.

Canon says that its wide-imaging speakers give a stereo effect over an area at least six times larger than conventional box loudspeakers. It is introducing a new consumer model at the consumer, rather than professional, price of £149.95.

Those who are perfectly happy with their existing CD player might however fall for a useful little accessory: a CD lens cleaner.

CD players are fitted with tiny lenses which focus the laser beam that reads the signals off a compact disc. When the CD player begins skipping or stuttering most people assume that something is wrong with the machine, but it is more likely that the CD lens has become dirty. A lens cleaner can solve the problem.

The latest product offering from a Japanese company called Tarsun an ordinary CD, but with what looks rather like a tiny brush on one side of the disc.

It is known affectionately by its UK distributors, Strong UK, as the "rens creaner." When played, a sweet female voice explains how it should be used. The language, which is undeniably English, sounds strangely like Japanese.

TELEVISIONS

Portable TVs have proved very popular among those who want to watch their favourite football match while en route to the next meeting.

Citizen, the Japanese company better known for its watches, will launch a portable colour TV and video monitor with a 4 in liquid crystal display (LCD) screen later this month in the UK. Citizen's model will have a built-in hood to keep light – either sunlight or artificial – from reflecting off the screen, which can make it impossible to see anything. It will retail for £249.99.

Another handy portable TV is Toshiba's multi-standard LCD TV, due to hit UK stores next month. This handsome portable can receive pictures in almost any country except France, which has a unique TV broadcasting system called SECAM-L. Although at £599.99, more expensive than the Citizen, the Toshiba will be attractive to the business executive who travels outside the UK.

CAMCORDERS

TV compatability problems aside, the French, like many of us, have taken to home movie making in a big way – as anyone who spent the summer on a French beach will have noticed.

For the coming season Akai, the Japanese electronics manufacturer, is bringing out a camcorder – or rather a palmcorder, since it fits your palm – that is even more intelligent than the hi-tech models already on the market. Akai's new model has a horizontal shape which makes it easier to use with both hands in order to minimise picture shake. An auto-chase focus function focuses the camera on the chosen subject even if it strays out of the centre of the viewfinder. It is priced at £599.

Meanwhile, Sony has taken the amateur moving-making industry a step further with the introduction of its colour video printer, which can take still photographs from a home movie. The printer, which will produce pictures from a camcorder, video recorder or even a TV broadcast, is perfect for sending Granny those wonderful shots of the new baby wrecking her cot, although at a cost of £999.99 in the UK it is largely for the enthusiast.

CD SPINOFFS

One of the most promising growth areas in consumer electronics is in the field of CD spinoffs. To most of us, compact discs are merely a music recording medium. But manufacturers have been busy finding different applications for the versatile discs which can hold vast amounts of information, *from sound, text* and graphics to video.

Sony created the Data man, essentially an electronic book, which was launched in the UK this summer. The Data Discman gives the user instant access to a vast quantity of visual information stored on a CD-sized disc.

So, if you are travelling on business to Tokyo, do not burden yourself with a phrase book, a book on Japanese table manners, a guide to Japanese restaurants and another on Japanese country spas. Just take a Data Discman and a few slim discs, each capable of holding the equivalent information contained in 200 telephone directories, which should provide you with all the information you will need. The Discman, which costs £349, can also play ordinary audio CDs.

Philips's offering is the CD-I, a heftier machine which resembles a computer games machine, electronic book CD-player and computer all rolled into one. The CD-I, which hooks up to the TV and audio set, allows users to manipulate *material on screen*, ranging from text, animation and video. The UK price of £599 is likely to fall since Philips has recently reduced the price from $900 to $600 in the US.

Kodak, meanwhile, has its photo-CD machine which allows you to store your pictures on a CD-disc and look at them on television. It may be about time to say good-bye to all those boxes full of old, crumpled photographs. The Photo-CD costs £299.

MOBILE PHONES

If greater convenience, rather than enhanced entertainment, is your goal, consider Sony's new mobile phone handset, due to be launched for use on Cellnet's consumer cellular phone service this autumn for £299.99.

The first handset targeted at consumers, rather than business users, it is an attractive, easy-to-use mobile phone that would fit easily into a handbag. It will be sold by high street retailers rather than through specialist service providers which currently handle all mobile phone sales.

PERSONAL ORGANISERS

At the more business-oriented end of the market, or for those who just like to keep things organised, electronic personal organisers are just the thing. *Sharp's IQ range, for example,* with its choice of software from the Bible to video games, is an attractive product.

Sharp's range costs from £179.99 for a standard model which can take 1,070 telephone numbers to £259.99 for a more powerful one that can hold over 5,500 telephone However, unless you are the organising type to begin with, and unless you are happy to deal with a tiny keyboard, it might be best to wait until the much-publicised personal organisers that will allow you to use a pen, rather than a keyboard, become available next year.

Restaurants hit back

THE GLOOM that was settling earlier this year over that privileged group, professional restaurant reviewers, seems to be lifting.

Many restaurateurs are responding to the need for smaller bills by offering more Italian food. Although the Forte group has installed Nico Ladenis in Nico at Ninety (tel: 409-1290; all numbers should be prefixed with 071) at the Grosvenor House, revamped the Criterion Brasserie (925-090) on Piccadilly Circus with Bob Payton, and appointed *Helmut* Berger as the head chef at the Café Royal (439-6320) it has also launched what it calls a family of Italian restaurants around London which includes Tutto! W2 (724-4637), Scarto! SW1 (222-3338) and Issimo! EC3 (623-3616).

Other restaurants offering good value include a new brasserie at 190 Queensgate, SW7 (581-5666) specialising in fish instead of the former expensive restaurant; Calzone in NW3 (794-6775) and W11 (243-2003) The Boulevard in WC2 (240-2992) Brasserie Lott, SW3 (584-4484); and Wagamama, WC2 (323-9223) offering reasonably priced Japanese food.

Two pubs have sensibly decided to put small dining areas to more profitable use: The French Dining Room has opened above the French House in Dean Street, W1 (437-2477) and The Lansdowne operates as a sister to Farringdon Road's Eagle in Gloucester Avenue, NW1 (483-0409).

New and prospective restaurateurs are being encouraged not so much by any upturn in consumer spending but rather by the weakness of the property market. High, premiums have always been a new restaurant's first financial hurdle and the rent is the highest of any restaurant's fixed costs. Today, however, it is a buyer's market, at least for the brave.

The Argyll (352-0025), which opened earlier this year on the *Kings Road, managed to pay* no premium at all and keep refurbishment costs to £120,000.

Banks and receivers, not normally known as a restaurateurs' best friends, are now taking a more kindly attitude as they try to dispose of sites that have succumbed to the recession. Hence, Lexington will soon reopen on the old Soho site of Sutherlands, and Beauchamp Place in place of the old Menage à Trois.

Martin Lam, formerly head chef at L'Escargot, will together with his wife, be opening his own restaurant at Ransome's Dock, Battersea (223-1611) on the site of the former Le Chausson.

The restaurants' future success will depend on how and whether they can pass these financial benefits on to their customers. The most dramatic example of how the British restaurant goer may benefit comes from New York.

Faced with empty tables over a long hot summer, some 50 New York restaurants, including some of the top names, such as Le Perigord, Gotham Bar and Grill and Bouley, came together at the instigation of Tim Zagat, restaurant guide *publisher* and *Joe Baum*, restaurateur, and offered three-course lunches at a fixed price of $19.92 (£10) excluding tax and service.

The campaign, launched in mid-July ,brought restaurant madness back to New York and was continued at some restaurants until early this month. It filled tables and, although it may not have generated substantial profits, created a lot of goodwill.

According to Bryan Miller, food critic of *The New York Times*, the long-term legacy may be more creative marketing by restaurants – discounts, pre- or post-theatre or ethnic themes – and repeat customers in the quiet months after Christmas. But, in the short term, the event has reminded New York restaurateurs of something fundamental: restaurant goers are voracious for bargains. A maxim, I would argue, equally valid on both sides of the Atlantic.

Nicholas Lander

FASHION

Down and out in London but *not* in Paris

*Whatever you wear in the French capital make sure it's immaculate, says **Alice Rawsthorn**, who has been scouring the city for bargains*

WHEN Dan Walker was a solicitor in London he had no choice concerning what he wore to work. "It had to be a suit, darkish, with a quiet tie. If I'd worn anything else I'd have been sent straight home."

Now he works as a film lawyer in Paris. "It's completely different. I wear linen suits in summer and a blazer with trousers in winter. If I don't have client meetings I go the office in jeans. I also wear *lots of colour – greens and reds* – that I'd never have worn in London."

Style is something that Parisians take seriously, *very* seriously, much more so than their London counterparts. Everyone, male and female, is expected to take an intelligent interest in the way they look. The difference in dress is probably most marked for men.

There is no gallic equivalent to the sober-suited City of London uniform, as a glance at the male members of the French cabinet – Jack Lang, the Thierry Mugler-clad arts minister, or Laurent Fabius, first secretary of the Socialist party, in his chic linen jackets – attests.

France's female politicians – Elisabeth Guigou, minister for European affairs, in Chanel and Edith Cresson, the former prime minister, in Torrente – are just as colourful. Although the dress code for women is probably more rigid in Paris than London.

"Women here are far smarter," says Lady Sara Fergusson, who has lived in Paris for five years since her husband, Sir Ewen, became British ambassador. "But they are often less imaginative. There is definitely a uniform."

The uniform for the *haute bourgeoise* ladies who lunch at the glossy restaurants along Avenue Montaigne, La Maison Blanche and L'Avenue, is a Guigouesque combination of Chanel suits with short(ish) skirts and the sheerest tights. They may gossip about the new long skirts they saw at the fashion shows, but they would not dream of wearing them.

But short skirts *are out* in Bohemian Paris. There was barely a shin in sight at the Marais art gallery openings last Saturday that marked the start of the autumn arts season. Any legs which were not hidden behind long hemlines were swathed in black leather.

Whatever you wear in Paris it *must* be immaculate. One day I went to cut some ivy from the riverbank beneath my apartement on the Ile Saint-Louis. I dressed for the task – an old catsuit, Levi jacket and fashionably, or so I thought, battered Gucci loafers. I stopped off at a café for a coffee and croissant only to I realise that I did not have enough money. The *patronne* brought the coffee and croissant explaining – with a sympathetic smile presumably saved for paupers – that it was free as I looked "thin and hungry".

When my colleague, Will Dawkins, moved to Paris from the FT's Brussels bureau, he took a favourite tie to his local dry cleaner. He returned to find it torn into pieces. The cleaner said he could *not possibly have cleaned it as the* tie was "dead" and he had done Will a favour by dismembering the corpse. Dan Walker remembers his Parisian girlfriend howling with horror at his shoes. "She said they were filthy. She was right. No one had noticed in London."

The consolation is that it is easy to dress well in Paris. The city is crammed with dry cleaners, cobblers, seamstresses and couturiers. "What I miss most of all are the seamstresses and cleaners," says Natalia Fawcett, who recently returned to London after five years in Paris where her husband, Edmund, was correspondent for *The Economist*. "Paris shops always alter whatever you buy so it fits perfectly and dry cleaners tell you exactly how they plan to treat your clothes."

Paris also has more shops to choose from. The areas around avenue Montaigne, rue Faubourg Saint-Honoré, place des Victoires and rue de Grenelle are packed with designer stores. And the city abounds with bargains. Jane Cattani works for Christian Dior where she has the pick of the collection, but she also scouts around Agnè B. and the La Redoute mail order catalogue for "cheap fillers".

Lady Fergusson favours Givenchy for grand occasions, but browses around the department stores for "everyday things". Natalia Fawcett bought most of her Parisian clothes from the *dégriffé* shops at place d'Italie, where the designers sell leftovers from previous seasons at a fraction of the original price.

The biggest bargains are the *soldes privés* to which designers invite faithful customers. These are held on the eve of the normal sales so you have the pick of the bargains and prices are lower. The only hitch is the queue. One friend arrived at Christian Lacroix to be told by the doorman that it would be at least three hours before she could enter the shop.

I queued for an hour at the Yohji Yamamoto men's *solde privé* to pay for blue trousers "ordered" by a friend in London. At home I realised they were black, not blue. A Parisian would *not* have chosen the wrong colour.

Julie Verhoeven

Haute Bohème.
Role Models:
Andrée Puttnam
Ann Demeulemeester
Ellen Von Unwerth
Designers:
Martin Margiella
Romeo Gigli
Yohji Yamamoto
Accessories:
Hermes Kelly bag
Antique jewellery
black, black, black

Bébé
Role models:
Mathilda May
Vanessa Paradis
Béatrice Dalle
Designers:
Jean Colonna
Helmut Lang
Dolcé & Gabbana
Accessories:
platform shoes
Afghan coat
pout

L'Impeccable
Role models:
Laurent Fabius
Christian Lacroix
François Léotard
Designers:
Hermès
Charvet
Giorgio Armani
Accessories:
Hermès tie
suntan
ENA degree

Toute Parisienne
Role Models:
Elisabeth Guigou
Ines de la Fressange
Anne Sinclair
Designers:
Chanel
Christian Lacroix
Karl Lagerfeld
Accessories:
Chanel quilted bag
Hermès scarf
Michel Perry pumps

Boho
Role models:
Jean Nouvel
Marcel Marongiu
Jean-Baptiste Mondino
Designers:
Jean-Paul Gaultier
Comme des Garçons
Yohji Yamamoto
Accessories:
Spiky sideburns
White T-shirt
two-days' beard growth

SPORT

All-American boy: new citizen Ivan Lendl was roared on by the crowd in his five-set battle with Stefan Edberg

Tennis/John Barrett

Three players audition for role of American Messiah

*Three young Americans have reached today's US Open men's semi-finals. **John Barrett** asks which one will inherit Jimmy Connors' place in the hearts of the fans*

HANDEL could have handled it. In the idiom of today's entertainers George Frederick would surely have given us "Messiah II" to celebrate the arrival of a new American on the tennis block, a man who will succeed last year's surprise semi-finalist, Jimmy Connors, as the object of worship in the hearts of New York's boisterous tennis fans.

But who will fill the starring role now that the 40-year-old, whose birthday party was spoiled this year by a ruthless Ivan Lendl in round two, has departed the scene? Will it be the solid, stolid Jim Courier, the blue-collar battler from Dade City Florida who looks like a grown-up version of one of those Norman Rockwell straw-chewing, all-American boys in blue denim shorts, a plaid shirt and tousled fair hair? The 22-year-old was a finalist here 12 months ago and has already claimed this year's Grand Slam titles in Australia and France to make himself the world No 1.

Or will Pete Sampras, his stylish opponent in this afternoon's semi-final, become the next object of worship? The 21-year-old from Florida became the youngest winner of this title in 1990 with a spectacular display of power tennis that had crushed in succession Ivan Lendl, John McEnroe and Andre Agassi. But the shy 19-year-old had not been physically or emotionally ready to bear the burden of national expectation and had seemed almost relieved when Courier removed his crown last year at the quarter-final stage. "At last the monkey is off my back", he had said.

That was the only occasion in six previous meetings that Courier's awkward-looking topspin game has prevailed against the smooth-stroking Sampras. Courier's is a physically demanding game and ever since his second French win last June, he has looked emotionally drained, unable to commit himself fully to the punishing training sessions that have brought him his success. Here, for the first time in three months, Courier has looked as if he is enjoying his tennis again. He can thank his coach Brad Stine and his tactical adviser, the former Spanish No.1 Jose Higueras, for his renewed zest.

Sampras now looks more like the champion we all thought he would become. He has filled out to become a formidable figure physically and hits those crisp, flat drives and pounding serves with much more consistency. He came here with victories over Boris Becker, Courier, Stefan Edberg and Lendl that brought him the recent titles in Cincinnati and Indianapolis and has now won his last 15 matches. You cannot buy the sort of confidence that such successes bring and Courier's objective will be to dent it early in their encounter today.

But wait a minute. What about the other young American in action today? Perhaps it will be the diminutive Michael Chang who will inherit the Connors' mantle. Certainly no-one will question the 20-year-old's courage. Standing only 5 ft 8 in and weighing a mere 145lbs Chang is a dwarf in a land of giants. But he compensates for his size by taking the ball on the rise to use his opponent's pace and covers the court with electrifying pace. His fighting qualities have never been in question, ever since he won the French Open so dramatically at the age of 17 in 1989. He has been outgunned in his last two matches here this year against fellow American MaliVai Washington and the improving South African Wayne Ferreira but in each match he found a way to turn things his way in the fifth set.

The quarter-final against Ferreira had been scheduled as Thursday's night match but because of the storm that hit New York early in the afternoon it was moved to the Grandstand Court just before 6pm. This was necessary so that Stefan Edberg's match against Ivan Lendl could follow the interrupted doubles semi-final on the Stadium Court in which Jim Grabb and Richey Reneberg eventually gained revenge 3-6 7-5 7-6 4-6 6-2 against John McEnroe and Michael Stich for their defeat in the Wimbledon final.

The Chang v Ferreira battle was a marvellous affair, full of spectacular forehands and expensive losers from the South African (he committed 104 unforced errors altogether), whose thigh injury at the start of the fourth set was bravely ignored as he won the tie-break that levelled the match. In the closing stages, however, Chang realised that his opponent's movement was slightly impaired and he maintained his consistency to win 7-5 2-6 6-3 7-6 6-1 after four hours and 17 minutes of great entertainment. Thus, for only the second time in his career, Chang would play in the semi-finals of a Grand Slam Championship. You can be sure he will give a good account of himself.

"It is important for me not to go into the next match satisfied. I have to keep my head down, keep working at it give myself the best chance to win this tournament" he said.

Edberg, the title-holder, never did finish his business against the three-time former champion Lendl. Just after midnight, with three hours of actual play behind them, spread over two sessions that were interrupted for 50 minutes, the rain returned with Edberg leading 6-3 6-3 3-6 5-7 2-1. But he will not have slept easily. Leading 5-4 in the fourth set he had Lendl at 0-40 – three match points.

Lendl, a newly naturalised American, drew inspiration from the fervent support of the still vast crowd to produce some of his finest serves as well as two crucial volleys that saved the day. Another match point was saved with a virtual ace and the despondent Swede then surrendered his own serve and watched helplessly as Lendl won the set.

So will it be Courier, Sampras or Chang – or will all three have to give best to a foreign-born adversary? If one of the young Americans does bring home the Championship you can be sure that 20,000 voices will be ready to join together in a rendering of "Hallelujah II"

Golf/John Hopkins

Lord Shelburne's elegant answer

LORD Shelburne was worried. The noble brow was furrowed. His family had owned Bowood House and farmed it successfully for nearly 300 years, but now the yield from a parcel of land laid out to arable farming was appalling. Profits were plummeting faster than ripened apples.

He looked at the figures for 1985-86. There would be a profit of £7,000 on a turnover of £1.2m. "It was as clear as can be that if we continued like that we'd had it," he says.

Something had to be done with the unprofitable 1,500 acres on the estate near Calne in Wiltshire. Several suggestions were made; the one that was followed was to build a golf course. Golf courses were in vogue.

At first, the proposal was as grand as the house itself, where Joseph Priestley discovered oxygen in 1774. It has rooms designed by Robert Adam, and grounds laid out by Capability Brown. There would be an hotel, a country club, a championship golf course. Nothing but the best would do.

The Savoy Group was coming in as a partner to run a 120-bedroom hotel. Planning permission was granted. A sum of £8m would be raised by debentures to cover the total cost of the project, which included a 40,000 sq ft clubhouse built on American country club lines with swimming pool and tennis courts.

Now came the first stroke of luck for Bowood. The hotel group pulled out of the venture. On the other hand, the project was going ahead and the golf course, designed by Dave Thomas, was untouched.

The Gulf War is not a pleasant memory for many people, but it has its appeal for Lord Shelburne. By October 1990 he realised his scheme was still too grand. The sale of debentures was not going well, not only because of the Middle East crisis but in part because a new golf club at Castle Combe barely 10 miles away was competing for the same sort of rich investors. He cancelled the debenture scheme altogether. "I was depressed," he says. "I had now made two changes in five years. I began to wonder whether I was ever going to get this off the ground."

Other changes were made. The clubhouse was scaled down from 40,000 sq ft to 12,000 sq ft. Instead of being a purpose-built project, it was decided to convert an old farm and its associated out buildings. Most significant, it was also decided to make Bowood a pay-as-you-play course, with a small number of memberships available, what the Americans call a semi-private club.

It was a case of third time lucky. There were no further hitches. Bowood Golf & Country Club, laid out on 200 acres in the western corner of the park, opened this summer. It has 200 of its desired 250 members. It is averaging 50 rounds each day; during the summer, an average of 1,500 rounds each month were played.

The course is long and testing, quite capable of staging a championship. It sprawls comfortably within its distinguished surroundings and is pleasing to the eye, although I find the lake on the side of the 4th an eyesore. In addition to the course, there are three practice holes, known as the Academy, where Nigel Blenkarne and his assistant professional do most of their teaching, and a driving range.

The conversion of the old farm buildings into a clubhouse that looks like a large Cotswold house with outbuildings has been achieved with taste. Exposed beams are everywhere. The men's locker room, which is too small, is in a building erected in the mid-18th century. Corridors are floored with 200-year-old flagstones. The shop and office for the professional have been converted from a barn, which also contains a self-service restaurant. The driving range is made out of cedar, the wood coming from an elderly and extremely large tree that was blown down in the storm of 1990.

The surprises at Bowood do not end there. Golf clubs, being dominated by men, are almost always managed by men, often retired service types. Bowood is managed by a sparky woman who once sold non-ferrous metals and later ran two engineering businesses.

Sally-Jane Coode, currently a regional business woman of the year, was appointed chief executive in April 1991. If her appointment was a surprise to everyone else, it was not to Lord Shelburne.

"It is all new to her and new to me but she had a proven track record," he said. "Running any business has a structure. So long as you learn and listen and get the structure right one business is very similar to another."

With the welcome briskness of one who is not bound by tradition, Coode has swept aside some typical golf club shibboleths. Men and women are treated exactly the same – same rates, same rights.

She has no truck with pompous signs for the captain, lady captain and so on in the car park. Her feminine touch ensures the visitor receives a warm welcome. There is no joining fee. Dress in the dining room, so often a thorny problem, is relaxed. "Men spend all week wearing a jacket and tie. I see no reason to make them dress the same way at the week-end." She has even met and defeated the greatest challenge of all – that of maintaining the quality and quantity of soap in the men's changing room.

Bowood is a young venture and it has cost a lot of money. Buildings had to be dismantled, sheep and cattle replaced, existing buildings converted. The course cost nearly £2m and consultancy fees from the start were considerable. In all, the venture cost nearly £6m.

To my mind it is an object lesson in the way to build golf courses in the 1990s. Apart from anything else, it represents good value for money. You can pay £500 annually and £10 for each round or £875 annually, for which you become a card holder or a member by any other name. It deserves to succeed.

Motoring

The cheap new Bentley: just £91,000

Stuart Marshall enjoys a brief taste of the Brooklands

YOU COULD, I suppose, describe the new Brooklands saloon as Bentley's entry model; an upper-crust equivalent of a Vauxhall Cavalier or Ford Sierra L. And, compared with the £168,294 tag on the Bentley Continental R, the £91,489 list price of the Brooklands is quite modest, even though it is more than £6,000 dearer than the Bentley Eight it replaces.

Rolls-Royce Motors, which makes Bentleys, believes the £91k price will not frighten off the punters. It says the Brooklands is "squarely targeted to appeal to luxury car buyers who may not have considered purchasing a new Bentley before."

If they are tempted, and the money is available, what will they get? Probably the best combination of refinement, performance and value Rolls-Royce Motors has offered.

In the past, I have criticised Rolls-Royces for their soggy handling, and the firmer-sprung Bentleys for their tyre thump on less-than-perfect roads. I take none of it back. But a brief drive of the Brooklands suggested that the newly-developed suspension damping, controlled by micro-computer, has achieved the best of both worlds. The big car rides silently and shock-absorbently but drives with a new and rewarding crispness.

Of course, covering only a few miles in rural Surrey and Hampshire, with four people taking turns at the wheel, is a taste, not a test. Even so, I reckon its handling and road-holding would satisfy many a well-heeled business motorist who previously has driven only Jaguar, BMW 7-Series or Mercedes-Benz S-Class saloons.

No one, though, would seriously consider buying a Bentley Brooklands just because it goes and handles well. Its appeal is more subtle. The hand-built interior, trimmed (and perfumed) by Connolly hide, Wilton-carpeted and decorated liberally with flawless wood veneer, is what sets it apart even from the cream of volume-produced motor cars.

The Brooklands, named after the famous old circuit on which cars raced for the last time in 1939, looks much better from the front than the Bentley Eight. It has a vertically slatted radiator grille, not one looking as if it were made from silver-plated wire netting.

Bentley aficionados (although probably no one else) will notice the Brooklands has a seamless bonnet instead of one with an apparent hinge down the middle. The selector for the four-speed automatic transmission – bought from General Motors in the US but with Bentley's own control system and as smooth as you would expect – is on the centre console, not the steering column.

The 15-inch alloy wheels, shod with sensibly proportioned 70 series Avon tyres that make their own contribution to the Bentley's nimbleness, are also new. Otherwise, nothing really has changed. The engine remains a 6.75-litre V8 of undisclosed output; the detailing, as always, is as good as painstaking craftsmen can make it; and the car is still a heavyweight at 2.35 tonnes.

Rolls-Royce Motors can never hope to match the sheer technology of producers like Daimler-Benz with £1m a day research and development budgets. It does, though, take small but continuous steps in product improvement. They show in the Brooklands, which is a significantly better car to drive than the Eight.

Bentley (and Rolls-Royce) brand loyalty must be the envy of many lesser marques; eight in 10 owners expect to buy another. "We shall have to work on the other 20 per cent," says Michael Donovan, the managing director (commercial). There are some signs of growth in the luxury car market and he says it has benefited from the appearance of "powerful new entries at the bottom of the sector from Japan" as well as "moves up-market by other mass producers such as Mercedes."

Rolls-Royce, which makes more Bentleys than Rolls-Royces, delivered 160 cars in Britain last month (including 21 Continental R coupés worth £3.5m retail) against 138 last year. While the Brooklands – which replaces the Mulsanne S as well as the Eight – might not overtake the £116,265 Turbo R as the marque's best seller, I would put my money on it as runner-up.

BOOKS/AUTUMN FICTION

Love and dissolution in a cooler climate

***Anthony Curtis** on the latest offering from an acclaimed author who is finding that the critical pendulum is starting to swing against her*

YOUNG people who want to write for a living no longer starve in garrets, but they can still have a pretty rough time until the money starts to roll in from the books and the TV-scripts – if ever it does.

Take the case of Jeanette Winterson. In 1983 she was 24 and down from Oxford, with a first novel *inside her bursting to get out*. Its title was from a saying of Nell Gwynn's, *Oranges Are Not the Only Fruit*.

Winterson's circumstances while writing it were distinctly straitened, as she explains: "At that time, I was sharing two rooms and a hip bath with the actress Vicky Licorish. She had no money, I had no money. We could not afford the luxury of a separate whites wash and so were thankful of the fashion for coloured knickers, which allowed those garments most closely associated with our self-esteem not to be grey".

Just that one brief quotation makes it abundantly clear that we are dealing with a Writer; someone whose printed words contain the magic that turns them into a voice talking to you, forcing you to continue reading the book.

Winterson's singular talent was first recognised in the publishing world by a woman editor at the newly formed Pandora Press, who accepted the novel but published it only in a paperback edition.

Winterson explains: "It went unnoticed, except in the most banal way, by most reviewers and started to sell at an alarming rate. Small bookshops and word of mouth were the foundations of my career..."

The débutante novelist had two trump cards which she played skilfully. She was Lancashire working class and had been brought up in an eccentric denomination of the Christian faith, the Pentecostal Evangelists.

The latter fate – an off-beat spiritual up-bringing – makes for a strenuous childhood but it does in recollection provide wonderful copy for a writer, as was shown by Edmund Gosse who was raised in the even sterner creed of the Plymouth Brethren. His account was called *Father and Son*. Winterson's might just as easily have been called "Mother and Daughter." *Oranges* went on to win the Whitbread prize for a first novel and was made into an award-winning television drama.

Then in 1987 came *The Passion*, which won the John Llewellyn Rhys prize, and in 1989 *Sexing the Cherry* (both available at £9.95 in the attractive new hardback Bloomsbury Classics).

By then Winterson had, through her writing, become a totem for the alternative society. Its high priest across the water, Gore Vidal, gave her his accolade by describing her as "the most interesting writer I have read in 20 years." Now, Winterson has come up with *Written on the Body*, involving a change of publisher from Bloomsbury to Cape and expectations from the fiction-reading public, whipped up by the publicists, at their highest. The novel has been heralded by a flurry of interviews, from which we gather that the hip bath has gone for good and the former female companion has also been replaced.

WRITTEN ON THE BODY
by Jeanette Winterson
Jonathan Cape £13.99. 190 pages

Meanwhile, the critical pendulum has started ominously to swing against Winterson. Reviews have begun to appear by those impatient to knock the book; some of them were not even prepared to wait for it to be published officially before putting in the boot. Clearly, those reviewers who failed to praise Winterson when it was fashionable to do so are not going to let themselves be caught out a second time, now that it is becoming fashionable to denigrate her.

And yet, *Written on the Body* is no better and no worse than any of the previous novels. It has exactly the same intimacy of manner, the same quota of brilliant one-liners, the same digressive tendency leading the writer to indulge in whimsical reminiscence to the detriment of her plot; and it explores that same high plateau of passion in which the lover seems to be in love not so much with another person as with the condition of being in love. She (or maybe he – one assumes, rashly, the first-person narrator is a she although that is never actually stated) is determined to preserve this bliss for ever in all its white-hot incandescence.

In the novels after *Oranges*, the writer put on the mask of some humble historical figure – Napoleon's under-chef in the Grand Army, the assistant gardener to John Tradescant during the Civil War period – to demonstrate such passion as an element in a wider cataclysm. The vulnerability of the leading women characters was compensated for by giving them some grotesque physical abnormality from which they drew strength – huge girth, webbed feet (see Angela Carter's winged heroine, Fevvers, the model for this particular feminist strategy).

It is all here again but, this time, made contemporary. The male ogre who stands for the stultifying imprisonment of a conventional affluent marriage is a Jewish doctor, a cancer specialist from north London's Stamford Hill. The hero/heroine – the *I* – who finds an ultimate love object in his wife is a translator. The affair, involving the ditching of a previous girlfriend, is described with dithyrambic Wintersonian intensity that is often quite hard to take.

Such a passion in Winterson's world is never transformed by the process of procreation, its natural and usual culmination, so what may alter or frustrate it? The answer, here, is the onset of cancer, portending the death of the love object.

Leukaemia afflicts the doctor's wife, who returns to him. That leads Winterson to some high definition writing on the inroads the disease makes on the body, and also to an extended description of the agony it imposes on the mind of the sufferer's beloved partner. This is a very real human problem, one not exclusive to the experience of either gender. It is studied at the end of this short novel with poignant realism.

Authors for autumn (clockwise from top left): Hope, Ondaatje, Frayn and Winterson

A comic eye on decaying mortality

***Max Loppert** reviews a novel where humour masks a serious purpose*

CHRISTOPHER Hope's latest novel, shortlisted this week for the 1992 Booker prize, renews and develops his singular comic vision. In it, he mixes a potent, comically intoxicating brew of the surreal, the farcical and the *socially and politically satirical*, exactly as he did in *A Separate Development*, *Kruger's Alp* and *The Hottentot Room*, those exuberant, free-spirited South African farces pivoted upon the madness of apartheid.

The difference, now, is that in *Serenity House* the scene has shifted to the outside world; this writer's precious gift for perceiving and exposing in so-called normality a crazily-

SERENITY HOUSE
by Christopher Hope
Macmillan £14.99, 227 pages

patterned patchwork of violent obsession and zany ritual has now found expression on a wider canvas. (In *My Chocolate Redeemer* – Hope's fourth novel, and his first non-South African in subject matter – the attempt to do *just this had proved curiously loose* in subject-focus and uncertain in style; but as no such disappointments mar the manifold pleasures of its successor, perhaps that is to be understood as no more than a necessary dry run, and to be excused as such).

Here, the comic targets are joyously unclouded and cleanly hit. The book's title is itself an impudent in-joke; for Serenity House is actually a down-at-heel north London "eventide refuge" run by a bizarre collection of wardens, matrons, therapists and doctors, all purveying a distinctive argot steeped in moral uplift and euphemistic slogan. ("Leaving" for "dying," for instance).

The inmates include the Five Incontinents, with their trail of catheters and armoury of protective padding; Lady Divina, a dilapidated blue-blood occasionally roused from senile torpor to rage against the holes in the ozone layer; and sundry other avatars of fast-advancing physical decrepitude.

The fun – so blackly hilarious because it is so lightly and deftly plotted – *that Hope has with the desperation* and self-absorption of decaying mortality, the nursing spectacle and medical paraphernalia that accompany it, and the patronising doublespeak of those who minister to it, earn *Serenity House* a place alongside Muriel Spark's *Memento Mori* and Kingsley Amis's *Ending Up* in the literature of frankly observed old age.

The leading inmate, Max Montfalcon, has come to the home guarding a grisly secret; the process of its unravelling will also drag Serenity House to its downfall. A walking repository of royalist sympathies and grammatical stringency (he takes Fowler to breakfast), as well as the knight-protector of a wardrobe-full of grotesque hidden treasure, he is gradually unmasked as Maximilian von Falkenberg, a Nazi scientist responsible for horrible experiments on concentration camp inmates and in mass-murder methodology in the final phase of the Holocaust.

Montfalcon's daughter, living the life of an upper middle-class English rose, is married to a braying Tory MP who has already played a notable role in promoting the bill for the prosecution of elderly war criminals – a device which allows the comedy of discovery to be unfolded in uproarious broad strokes. But simultaneously with the investigation of Montfalcon's shady past, a grander set of narrative *parallels is being proposed and* explored. Under its façade of do-goodery, the Serenity House administration has been quietly following a programme of unlicensed euthanasia (involving such modes of swift despatch as the Water Cure, another relishable euphemism).

After a while, one discerns that Hope's underlying purpose is to throw up for examination notions of people-disposal – whether of a society's inconveniently long-lasting old people or, *in extremis*, of its unwanted minorities – and to compare and contrast the situations in which such an *option can ever come to be taken seriously*.

As in his South African novels, so here again it is the crispness of wit, the keenness of observation, and the gravity-defying ability to link apparent opposites that render the vision at once so bright and so alarming.

A key tool of linkage enters the story with the arrival from Florida – after all, one of the world's most populous senior-citizen habitats – of the illiterate, violent, video-addicted teenager Jack Robinson, brought to London to pursue the tenuous links that connect him with Max's Nazi past.

With typical Hope legerdemain, this Jack-in-the-Beanstalk sub-theme is teased out to its fulfilment, and the novel to its dizzying comic climax, in one of the turrets of a fairy-tale castle at the Orlando Disneyland. Earlier, one has occasionally been given cause to observe that the author's ear for American speech tones, and his eye for the nuances of American class distinction and social manners, are a degree less finely honed than their English equivalents.

But this is, anyhow, a small point to weigh in the balance of so rare and distinctive an achievement. *Serenity House* is a surreal farce rigorously logical according to its own terms of reference, scabrously enjoyable, and motivated by a sense of the "real world" that is always profoundly and exhilaratingly sane.

Retreat from the flames of war

***J.D.F. Jones** finds power and beauty in an extraordinary book*

MICHAEL Ondaatje is a Sri Lankan poet, domiciled in Canada, who has now written the extraordinary novel we have been awaiting from him: *The English Patient* is, I suggest, a masterpiece. This week, it was *named on the Booker prize* shortlist.

Over the past 10 years, without fanfare, Ondaatje has become something of a cult figure. There was a 1979 jazz novel called *Coming Through Slaughter*, and a 1983 memoir of his family, in particular of his drunken father, called *Running in the Family* (re-issued recently in Bloomsbury's elegant mini-hardback format, £9.99).

Then – leaving aside the poetry – there was a remarkable novel in 1987 called *In the Skin of a Lion* (available in Picador, £5.99). That book called on John Berger for a prefatory quotation: "Never again will a single story be told as though it were the only one." There is a clue to *The English Patient*.

It is interesting, but not essential, to know that this new work picks up several of the characters from *In the Skin of a Lion*. After the 1930s' Canada of the earlier book, we are now in Tuscany in the closing months of the second world war.

The "English patient" is a charred, unidentifiable, dying man who, we gradually discover, had parachuted in *flames into the North African* desert where he was rescued by the Bedouin. He is now tended by Hana, the shell-shocked Canadian nurse who is making her farewell to arms; and attended by the burglar-spy Caravaggio (for both, see the earlier novel) and a Sikh sapper, Kip, who spends his time on the very brink of death defusing the booby traps left in and around the villa by the departing Germans.

The four of them are, in their *different ways, in retreat*; they continue their trades – nursing, bomb defusing – but they have stepped back into a private world in which social constructs have lost meaning. Ondaatje gives us their various and interlocking stories, and tells them with an imaginative power that makes them haunting and unforgettable.

There is a central mystery about the "patient" and, cumulatively and tentatively, we piece together a history of his *pre-war Cairo life in the years* when the Libyan desert was

THE ENGLISH PATIENT
by Michael Ondaatje
Bloomsbury £14.99, 303 pages

being explored for the first time and recorded in the dry prose of the Royal Geographic Society. The patient is not what he seems, and there is irony in it; he is not even English, but that is shown not to matter.

We are taken beneath the charred surface to see that he is in no way an enemy – we are beneath that level – but a human being who enjoys pain, love, affection, memory, morphine, while his burnt body is *symbolic of* the old universe which has ended in flames.

Caravaggio, too, has a dramatic biography of horror and has retreated to watch over Hana, just as she has dedicated herself to the patient. And Kip, engrossed in his terrifying trade, hovering on the outside, clearing the ground around the villa, is drawn slowly into the inner circle – until he hears of Hiroshima: "They would never have dropped such a bomb on a white nation."

The young man who has risked his life to defuse a thousand European bombs is undone. He, now, must quit the war.

Not for the first time, Ondaatje's imagination is seized by the plunge into the void (see the nun blown over the bridge in *In the Skin of a Lion*). Here, the image of the aviator descending in flames is repeated in Kip's final motorcycle crash into the river.

The patient "slips into the harness of the oil-wet parachute and pivots upside down, breaking free of glass, wind flinging his body back. Then his legs are free of everything, and he is in the air, bright, not knowing why he is bright until he realises he is on fire..."

None of this can convey the power of Ondaatje's writing, the beauty and excitement of his images, the elegance of his prose. These are early days, and Booker-guessing is a silly game, but I find it hard to see how they will be able to deny him this year's prize.

■ MORE BOOK REVIEWS ARE ON PAGE XVIII

Low life in high places

LEPORELLO
by William Palmer
Secker & Warburg £15.99, 339 pages

A PHILOSOPHICAL INVESTIGATION
by Philip Kerr
Chatto & Windus £14.99, 329 pages

CITY OF GOLD
by Len Deighton
Century £14.99, 323 pages

HIGH COTTON
by Darryl Pinckney
Faber £14.99, 309 pages

WILLIAM Palmer has come late to full-length fiction – he is getting on for 50, with only one previous novel under his belt – but late is better than never when he writes as well as he does in *Leporello*. As the title suggests, it is a re-working of the Don Giovanni story, seen through the eyes of his cowardly servant.

Ostensibly Leporello's autobiography, it is really just an excuse for a marvellous romp through the brothels and gaming houses of 18th century Europe. A beautifully-executed romp, too, beginning with Leporello's initiation into sex at a very early age and continuing via murder, mayhem and all sorts of skulduggery to employment with the Don and a new career as gentleman's gentleman and pander to the aristocracy.

Leporello takes to the work with enthusiasm, living the high life, enjoying the leavings from his master's table and sometimes also from his bed. What more could a simple country boy want?

It all ends in tears, as these things usually do, but not before a wonderful *time* has been had by all. The author writes in the spirit of *Tom Jones* and *Fanny Hill*, with a sure touch and a masterly grasp of his subject. Why he has taken so long to blossom *into print is something* of a puzzle; but if he can carry on as he has begun, the rest of us will have plenty of cracking good entertainment ahead.

No such starting problems for Philip Kerr, still young for a writer and already turning them out at the rate of one a year. His latest thriller, *A Philosophical Investigation*, follows a serial killer through the streets of London. The killer in question is highly intelligent and obsessed by Wittgenstein. The job of tracking him down has been given to lady chief inspector "Jake" Jakowicz.

We are a few years into the future here, with computer technology so advanced that the Lombroso system (named after the 19th century Italian who thought criminals could be identified by shape of skull) can screen individuals for homicidal tendencies and isolate them accordingly.

But "Wittgenstein" has hacked into the system, calmly erasing his own details before taking the names of his peers and murdering them one by one. It is an ambitious story, a slightly uneasy blend of futuristic technology and highbrow philosophy, in which readers will have to cope not only with Wittgenstein but also with George Steiner, Malraux, Marcuse, Manicheanism, Tourette's Syndrome and much else besides. It is also a satire of sorts, with TV presenter Anna Kreisler (Chrysler – Ford: geddit?) stripping naked on camera in return for a telephoned pledge of a million dollars for charity.

It is a little heavy in places, a good basic idea marred by ponderous execution and a less-than-perfect ear for dialogue. But it is also highly inventive, which is more than can be said for most books of the kind.

Len Deighton has finally given up on that awful wall in Berlin and, for his latest story, is falling back on an earlier generation of Germans. The *City of Gold* is Cairo just before Rommel's arrival, a hotbed of corruption, intrigue and double-dealing, with a German spy at large somewhere and Rommel informed in advance of the British army's every move.

Throw in Greek brothel-keepers, White Russian princes, beautiful English girls, Jewish gun-runners and deserters from both sides and you have the makings of a splendid mole-hunting novel, just the sort of thing Deighton is good at. He carries it off well enough, too, although one must quarrel with him over the opening chapter in which a detective escorts a British soldier under arrest for murder to Cairo on the train.

The detective explains to his prisoner that he is going to Cairo to catch the German spy. He then has a heart attack and drops dead, leaving the prisoner to unlock his handcuffs and assume the detective's identity. A younger, hungrier Deighton would never have offered his readers anything so implausible, not even in jest.

Darryl Pinckney's *High Cotton* is billed as a novel but reads suspiciously like an autobiography – that of a young, middle-class black American of cultured background.

The narrator grows up in a white Indianapolis suburb and knows nothing of race riots, crack, ghettoes or any of the usual black American experience. He thinks of himself instead as one of the Also Chosen.

The narrator goes to Columbia university, travels in Europe, gets a variety of temporary jobs in New York. And all the time he is conscious of his colour, without ever being aggressive about it. When taxis refuse to stop for him and white female joggers keep their distance, he understands perfectly and feels only mildly resentful.

He writes more in sorrow than anger, putting his faith in the power of understatement rather than wearing his irritation on his sleeve. He has written a very graceful, elegant, thought-provoking book. But, however hard one tries, it is still difficult to think of it as a novel.

Nicholas Best

Down the greasy pole

THE world of Malcolm Bradbury's disappointingly uneven novel is post-modern and deeply flawed; its leading characters are shallow, devious and cravenly ambitious. The Doctor Criminale of the title is a fêted east European polymath who jets around the international conference circuit leaving a trail of abandoned wives and lovers besides, it transpires, a good deal more than dirty bed-linen. On his heels is the appallingly chinless Francis Jay, striving to write a television profile of the great man and make his own mark.

The satire, if that is what it is, is heavy-handed. The philosopher-critic Criminale is an unlikely chimera of the likes of Steiner and Eco, while Jay is an amalgam of any number of upwardly mobile young journalists who flit eagerly from the "style" pages of one broadsheet newspaper to the next. The jokes are thinly scattered and the book's set-pieces spill across all the frontiers of the new Europe of the 1990s. Fact and fiction are mingled lubriciously; Susan Sontag and Martin Amis, unlikely soulmates, seem to pop up everywhere.

In the opening and closing pages, the humour is targeted much more carefully. The beginning, at a Booker prize dinner, is genuinely funny and its awful vignettes – with every publisher's promotion manager called Fiona and every presenter of the BBC's *Late Show* heavily pregnant – will strike chords with anyone who has watched even five minutes of the ritual on TV. In between, though, the effect is much more diffuse; Bradbury sets up too many targets and falls short of all of them.

Perhaps his novel really is an honest attempt to get to grips with the chaos of post-cold war thought, the onward march of the European super-state, the sheer vapidity of TV culture. But it reads much

DOCTOR CRIMINALE
by Malcolm Bradbury
Secker & Warburg £14.99, 344 pages

NOW YOU KNOW
by Michael Frayn
Viking £14.99, 232 pages

more like a trawl through Bradbury's own fond memories of lavish academic freebies. Of course, there may be a profound post-modern irony buried somewhere in all the gush; if so, it sailed over my head.

Michael Frayn's altogether tighter fable attempts far less and achieves far more. Its world is carefully circumscribed, almost claustrophobic, its grip on characters relentless and revealing. Which does not necessarily make it all that convincing: Hilary, the studious young civil servant who throws over her career in the Home Office to work for a left-wing civil liberties organisation while having an affair with its curiously charismatic leader Terry, never comes fully to life. Her motivations always remain something of a mystery; everyone has another life outside the office, yet hers never quite coalesces, never fits the final piece into the jigsaw.

Yet, Frayn's ear for dialogue is unfailing as the story unfolds through the eyes and ears of all the staff of this murky outfit. He cuts from one voice to the next with consummate skill, catching every subtlety of language and tone; when the whole organisation begins to tear itself apart, the internal frictions, the tiny niggles, are mapped precisely. In its own way it is a *tour de force*, even if the sum of all the parts is finally rather modest.

Andrew Clements

Shortlist for the 1992 Booker prize

THE six novels shortlisted for the Booker prize are:

■ *Black Dogs* by Ian McEwan (Jonathan Cape £13.99).
■ *The Butcher's Boy* by Patrick McCabe (Picador £14.99).
■ *Daughters Of The House* by Michèle Roberts (Virago £14.99, not yet published).
■ *The English Patient* by Michael Ondaatje (Bloomsbury £14.99).
■ *Sacred Hunger* by Barry Unsworth (Hamish Hamilton £15.99).
■ *Serenity House* by Christopher Hope (Macmillan £14.99).

The prize is worth £20,000 and the winner will be announced at a dinner in London on October 13.

Terrifying fête for would-be squires

***Gerald Cadogan** on the hidden burden of responsibility that awaits purchasers of English village manors*

EVEN THOUGH Sarah Evans and her husband had not yet moved in to the big house they had bought in a Norfolk village, she found herself opening the fête. "You must do your bit and get involved," she said, altough she was surprised that the chairman of the parish council was so quick to ask. "I was terrified, but it gave everybody a chance to see who we are."

At the end of the season of fêtes, sponsored rides, clay-pigeon shoots, tennis tournaments, and gardens open to the public, who would want to be the village squire? What are the pluses and minuses of being Mr and Mrs Bighouse?

To the rest of the village the pluses are obvious, and hallowed by custom. Anyone who chooses to live in the manor is thought willing to take on its duties – regardless of the hassles.

When Lt Col Peter Lewis, was looking for a house in Dorset. He was quite clear he did not want to be a village squire "We had plenty of all that running a regiment. But I've no doubt there are people who do want it." He plumped for an old rectory, not the manor.

Inheriting a house in Oxfordshire, Laura Sharp was advised to draw all curtains and lock every door bar one on fête day, so that thieves could not case the place while mixing with the crowds in the garden.

"I was appalled. But I got some transparent curtains which didn't look too obvious."

Theft is the big hazard for those who open their gardens. The visitors paying to help the retired district nurses can return in a few days to collect the garden urns. Or they may have made off already with illicit cuttings hidden in their umbrellas, justifying it to themselves with the excuse that they are extending our great horticultural heritage. Horse and tennis events are easier. For these, the Bighouses do not need to be their own security guards, but they must have the officer qualities to run a one-day Wimbledon on an endless supply of squash and hot dogs, with St John's Ambulance standing by.

Nor do duties stop in the winter. "A bridge evening perhaps?" the Parochial Church Council will suggest. Or a concert for the fabric fund. Or a supper for the Tories, £4.50 a head, cash bar, and incomplete without a few words from the Member. (It is sound practice to have him say them before the food. That keeps them shorter.)

Requests for money are year-round. Surely, the Bighouses will support the prize draw for the village hall, Poppy Day, the Red Cross, the church flower fund, the homeless and hungry, and sponsor swims for the hospice?

The church will be the keenest to tap the Bighouses cheque book. The parson knows there is a limit to what he can ask yet again of his tiny congregation. A large covenant from the Bighouses would answer his prayers. He will assume they are Anglicans – until they come out as agnostics or Romans.

How do the new owners see it? Since Laura Sharp's inheritance includes the village cricket field and allotments, she has a role that may ruffle many feathers.

"I must be positive," she says, "and think of the whole village and not just of myself or any one village organisation. We are lucky that the new motorway hardly touches us yet."

That means not rushing to change parts of village life which, once altered, can never be replaced.

She has no qualms about the hunt crossing her land, but is still uncertain how she views the weedkiller the tenant farmer sprays. And lunatic, out-of-date rumours about housing development rush round the village as fast as a pint is sunk in the pub.

To the manor born: the Devon home of Celia Perkins, grand-daughter of Sir Winston Churchill, and her husband, Major General Ken Perkins, is being offered through Lane Fox in Tiverton (0884-242468) at a guide price of £425,000. Carscombe, set in more than 20 acres of rolling hills above the Exe valley some five miles from Tiverton, dates from 1540 and was a Cavalier safe house during the Civil War. The main house and guest cottage together offer four reception rooms, six bedrooms and five bathrooms. There is also a heated swimming pool and stabling. London's Paddington station is a two-hour journey.

"But anybody not a recluse in the big house is open to rumours," she says briskly. "Perhaps one should give them something dramatic to talk about."

For the Bighouses arriving at the manor, the key is joining in, but not aggressively. Those in similar houses in the other villages will then welcome them. And they will be known quickly around their village, though they cannot hope to be accepted for at least a decade. Fresh in many villager's mind is what happened in the 1980s, when new owners moved on quickly, having made a killing from selling the kitchen-garden and stables for conversion to housing.

Laura Sharp has the last word. "If you're in the big house, I think you should give something back." If you do, and stick at it, the village will eventually come to see that the only time you are going is when you are carried out. In rural England that is seriously good news."

The appeal of working in your garden

A NEW breed of small garden buildings has allowed an increasing number of Britain's self-employed businessmen and women to stop running their companies from the back room and decamp into the garden.

Former England cricket team tour manager Peter Lush gets down to work in his 5.5m diameter round garden room with its conical thatched roof developing the sports marketing company he runs from home.

He moved into the building, which cost him £11,000 plus VAT, two years ago. Not only did this free an upstairs room in his house in Sonning near Reading, but it also gave him a lot more space and an interesting and unusual building in which to work.

"It was a wonderful move," he said. "I had looked at all sorts of garden buildings and this one immediately appealed. I have electricity and a phone. It is very warm in winter, and in summer I cool it by means of a ceiling fan. It is surrounded on most sides by glass so I have an outlook onto our large garden and all the peace I could want."

Lush's thatched office was supplied by Thatching Advisory services of Wokingham, who sell the thatched round houses in several different sizes.

"More frequently we sell open-sided versions of these buildings for use as summer houses and tennis club pavilions but I also have one in my garden that I have used as my office for the past three years," said managing director Bob West.

At Godstone in Surrey, Miles Pinniger runs his lighting design and advisory company from a 12 ft by 18 ft semi-portable building by Homelodge of Winchester, who adapted it specially for his 6ft 7in frame.

Pinniger installed the building in his garden three years ago when he found he was outgrowing his cottage home.

The prefabricated one-room building, crowned by a small clock tower, has enough room for himself and the designer and part-time secretary who work for him.

"The building is sturdy and well-finished. There is no doubt that it adds to the value of the property, especially as it has electricity and phone lines. But if we should move and a future owner decide to have it removed, this is quite easy as it was erected in two days," Pinniger said.

"It can also be lifted quite easily by crane. Eventually I am hoping to buy some land at the rear of our garden. I plan to have the Homelodge lifted over the hedge into the field." A Homelodge building like Pinniger's costs £11,150 plus VAT erected, carpeted and decorated.

If such a building is within five metres of the house however it qualifies as an extension and planning consent may be required. Before you instal an office in your garden seek advice from your local planners. A Surrey woman who installed a prefabricated garden building with the intention of running a retail business from her garden fell foul of both local planning regulations and her neighbours' desire to protect their outlook.

No such problem confronted retired professor Graham Solomon, when, he installed his 12ft diameter octagonal summer house with cedar shingle roof 30 ft from his house in his garden in the East Sussex village of Waldron.

He saw the Jubilee model from Amdega of Darlington at the Chelsea Flower Show, and immediately realised it was the solution to his problem of an overcrowded study in his house which was overflowing with books and journals.

Amdega installed bookshelves when they erected the building and the total cost, including VAT, was £9,500.

"For me it has proved the perfect solution," Prof. Solomon said. "I have power and electric storage heaters so I can work out there all the year round.

"I spend most of my time writing and rewriting text boooks, so the solitary situation of the building suits me well. I have a portable phone which I take with me if I think I shall need it, or if I am expecting a call. If I want complete solitude I leave it in the house.

■ Thatching Advisory Services, Rose Tree Farm, Nine Mile Ride, Finchampstead, Wokingham RG11 4QD;
■ Homelodge Buildings, Kingswell Point, Crawley, Winchester S021 2PU;
■ Amdega, Faverdale, Darlington, Co Durham DL3 OPW.

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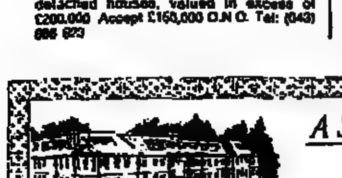

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GARDENING AND PERSPECTIVES

My Frenchman is a blackleg

***Robin Lane Fox** encounters a foreign bird in the bushes, and is deeply suspicious*

DURING the past three months, I have been sharing the garden with a Frenchman. He appeared one early evening, took the measure of my terrace, and stood, looking lost, until he scented Heliotrope White Swan and was reminded of bedding-out in France.

In a fluster, he vanished, down towards a nearby border from which he kept up a guttural incomprehensible harangue.

I am used to sharing the lawn with a hedgehog, the neighbour's collie and a love-struck mallard who has fixated on me since I first gave her some stale breadcrumbs. The trick never worked with women.

My Frenchman is another matter; *Alectoris rufa*, the red-legged partridge seems to be using my home, the Old Vicarage, as a safe house.

French partridges in English eyes have French habits. They have no idea how to be sporting and when Englishmen chase them out of cornfields, they refuse to fly over guns but they run sideways instead.

They are grounded red-legs, black-legging English sport. They must believe that they are far too grand to talk to pheasants: otherwise, they would have shared the secret of life. In a garden, they are bewildering.

For a moment, my Frenchman looks as if he might, after all, be impressed by white cosmos daisies *à la bagatelle* and old-fashioned roses with superior French names. Then, with a scurry, he is off to the lilacs, moving fast, keeping low and eluding all attempts to corner him on the way past.

During the summer, certain French habits have become clearer. Swimming pools are regrettably of no interest to them and so far as I can judge, they only come to life at 6pm. Nightly, when it is time for a Pernod, my Frenchman reappears on the terrace, calls for attention and then does his usual bolt when hard choices have to be made.

Safe among the Lavatera Barnsley, at first he maintained a long Gallic monologue. He began it at the time when the dons of Cambridge were wondering whether to *deconstruct themselves* and give an honorary degree to that enemy of meaning, Jacques Derrida, the French academic. I began to think that I had been chosen for canvassing. Right from the damask roses came nightly broadcasts which

destroyed all signifiers and referred to nothing except themselves. A bird in the bushes was worth 20 French texts in the hand.

By July, I knew I was wrong. It was no longer one Frenchman, preaching deconstruction. There was a Frenchman and two French henpersons, drawn to the bushes by the sound which my Peter Scott bird-book describes rather kindly as the noise of a scythe whose blade is being whetted. Were they, perhaps, on a financial mission, minority shareholders fleeing from Printemps or simply on a world-wide dodge, trying to scape from tax? *According to my Peter Scott book*, the French Partridge has the status of "resident." A change of domicile would be no help. Scott also remarks that its habits are "catholic." Here, perhaps, lay the answer: A catholic mission to old English vicarages, conducted in twilight with two tame females in tow.

Perhaps it began as something of the sort, but by late July the three had become five. Scythe-whetting sounded stridently and I watched the manoeuvres with apprehension. While Derrida grated on among the lilacs, the four would fan out in twos, keeping low, hugging the ground, and obeying that truly French rule in a country which might mind: let the woman go first.

In English gardens, *twilight* during summer is supposed to be a hint of heaven. In mine, throughout August, it was a time for combat manoeuvres, conducted by ornithological walkie-talkies being held out of sight. I was brought up never to shoot in the garden and never to shoot birds which refused to fly. When they trampled on the tobacco plants and roughed up the agapanthus, I did wonder if a catapult would kill a moving target.

Suddenly, they have gone. Or, rather, the four combat-trainees have vanished, leaving Derrida on the look-out for another captive audience in the lonely, deconstructed world. Whatever they have practised, they know how to execute: vicarage-trained agents are out there, somewhere, back on the run among their fellow Frenchmen.

I cannot help noticing that three days after they left, the French polls for the Great Vote took a nasty lurch towards *Non*. Perhaps the ground-workers are now in position, *risking nothing flighty but running* the legs off the opposition. In the half-light, among the first autumn asters, I may be over-interpreting, but it is easy to hear a word like Maastricht in a sound like a scythe being sharpened along the blade.

Believing in life everlasting

***Arthur Hellyer** considers plants grown primarily for drying*

THIS HAS been a remarkable year for everlasting flowers. In part, this was because there was a very large trial of these in the Royal Horticultural Society gardens at Wisley, Surrey – a total of 274 species and varieties, many new to me. But I also found them much in evidence when I visited trials by some of the seed firms, including Unwins and Suttons. This, I was told, was because of increasing interest by home gardeners.

Flower arrangers already are seeking much greater variety. At Wisley, there were 10 varieties of nigella, the pretty, cornflower-like Love-in-a-Mist of which the old favourite, Miss Jekyll (now available in separate colours of blue, rose and white) is still the best. There was also the popular mix of colours sold as Persian Jewels.

I would have regarded all of these normally *as mainly flowers* for the border and for cutting fresh, not drying; but evidently they are very good for that, too. The same goes for *the seven varieties of annual* larkspur on show.

But the true everlastings, the plants that always have been grown primarily for drying because of their chaffy petals, were still on view most widely. There were 64 varieties of helichrysum, filling several beds and making a most impressive display. I particularly liked Bright Bikini Mixed, which is a fine mixture of most of the available colours, but I would award even higher marks to Hot Bikini, which is entirely dark red and a little shorter in height.

There was also a very pretty pale sulphur-yellow variety called Frosted Sulphur, which is in some of the seed catalogues, plus a big selection of other separate colours from white through lemon-yellow and orange to silvery rose and rose pink.

Until I saw this trial, ammobium had been no more than a name to me. It turns out to be a rather odd-looking plant, around 2 ft high with winged stems and small yellow and white, daisy-type flowers.

At first sight I thought it rather gaunt, but it improved on acquaintance and is certainly a plant that will bring an unusual element into any flower arrangement. It is a perennial but usually is raised annually from seed and will survive mild winters outdoors. Ammobium alatum seems to be the only species, and Grandiflorum the best variety to grow.

I can understand the enthusiasm for gomphrena, popularly known as the Globe Amaranth. This is a bushy annual, up to 2 ft high with small, *globe-shaped clusters of flowers* which, at a short distance, look rather like those of clover. There are two species: Gomphrena Globusa, which is a true annual, and G. haageana, which is a perennial grown almost invariably as an annual.

As plants for cut flowers, there does not seem a lot to choose between them. Colours include pink, red, apricot-orange, purple, violet and white, and most flower arrangers probably will be suited best by a mixture of all these shades.

What gardeners usually call statice is, in fact, limonium. There were many varieties of these at Wisley, mainly forms of *Limonium sinuatum* which is the commonest annual kind. What struck me was the number of unusual colours, especially in shades of pink.

One was called Apricot, which describes it fairly well, but another called Peach was named less happily (still, breeders must be allowed some latitude in this respect). A third that I rate highly was called Roseum Superbum and there also was an excellent variety of the odd-looking L. suworowii, named Pink Pokers, which was a good, deep, rosy pink.

What I liked most, though, was a very small white-flowered plant called L. sinense Confetti. The second name does not seem to be recognised by any authority, but Confetti should be sufficient for identification and I have come across it in the Unwin seed trials. It is very free-flowering, and the effect is rather like that of a single-flowered perennial gypsophila.

There was *also* some confusion at Wisley in the naming of amaranthus, different species of which are known by gardeners as Love Lies Bleeding and *Prince's Feather. Both types* are popular for summer bedding, the first having long trails of catkin-like flowers, the second with erect branch *spikes of flowers*.

Once again, it is safe to bypass the second botanical names and go direct to the garden name since, by the internationally approved rules governing such matters, each of these can apply only to one distinct variety.

Using this shorthand form of naming, I have no doubt that the three best varieties of Prince's Feather at Wisley were Oeschberg, which is deep crimson, grows 4 ft high and makes a bushy plant; Red Cathedral, which is very much like Oeschberg; and Bronze Standard, an unusual colour described as grey-bronze.

The best Love Lies Bleeding was *Viridis, with long trails of* green flowers; but for those who lack room for such a large plant, there was Green Thumb, with erect 12in spikes of green *flowers. I had not seen this* before and thought it very distinctive.

As They Say in Europe

All eyes on the Nazis

THERE IS a rule now. If you cannot write yet again about the horrors of Yugoslavia, or indulge in yet more catatonic speculation about "what if the French vote No," you turn to neo-Nazi attacks on refugees.

Events in eastern Germany have been a godsend. *Corriere della Sera* of Milan can run off the typical editorial: "Germany *finds itself in grip of the Nazis.* There grows fear of a people's uprising against the 'human flood' from eastern Europe. Neo-Nazi violence spreads throughout the eastern Länder like an oil slick ... the Germans have lost all feeling of national solidarity ..."

In Poland, the considered contempt for east Germans of last week has turned into something more apocalyptic. The editor of *Gazeta Wyborcza* is the old Solidarity activist Adam Michnik, who contributed the following personal comment: "What is happening in Germany must be understood as an alarm bell.

"Germany – a stable and *democratic state* – has become a region of the explosion of hate. One-time nationalistic fringe groups are now starting to alter the spiritual and politi*cal landscape of the state.* The moment of truth for German democracy nears ..."

As usual, the story seems less sensational the nearer you are *to it. Thus Tagesspiegel* of Berlin, after a particularly awful night of anti-refugee mayhem a few miles away, ran as its front page lead a story *about the choice of architect to* redesign the Potsdamer-Platz.

If alarm bells are ringing in Germany, it is over the state of public finances and the fragility of the government rather than the ghosts of the past. People are getting worried about the qualities of Chancellor Kohl, who seems to be able to *tackle almost anything* except problems.

And if the Germans have got things the wrong way round, it could be the result of their peculiar tendency to focus on the ramifications of an issue, rather than the issue itself, in the belief that they are really getting to grips with it.

A few years ago, a Munich weekly ran a cartoon which said it all: a group of Germans, near the pearly gates, were passing a signpost which pointed left to Heaven and right to Lecture on Heaven. The Germans were going to the lecture.

It could be that west Germans still do not care greatly *about what goes on in the east.* It is difficult to know how surprised the readers of the *Frankfurter Allgemeine Zeitung* were last week when they read a page of letters from children in the east.

From Plauen, Sylvio Flügel wrote: "Suddenly, everything is quite different – in Germany, in the world, in me. My name is Sylvio and I am in the third form. Our teacher has told us much about united Germany.

"I am specially happy about the many beautiful toys that there are now. I have many wishes and dreams. But unfortunately they cannot be ful*filled, for both my parents* have no work any more and most *toys* are very dear. I can't really understand why mummy and daddy have no work."

Another small boy wrote to say how nice it was to see so much of his mother when she lost her job – but then father *lost his, too. The letter contin*ued: "Grandpa is very dear to us, but he swears at everything. First he swore at the GDR [the former East Germany], now he swears at the new government.

"Grandma is always calling him a whingeing fool. She says what's best about unity is the jam and the coffee. I don't know if things are better now or not."

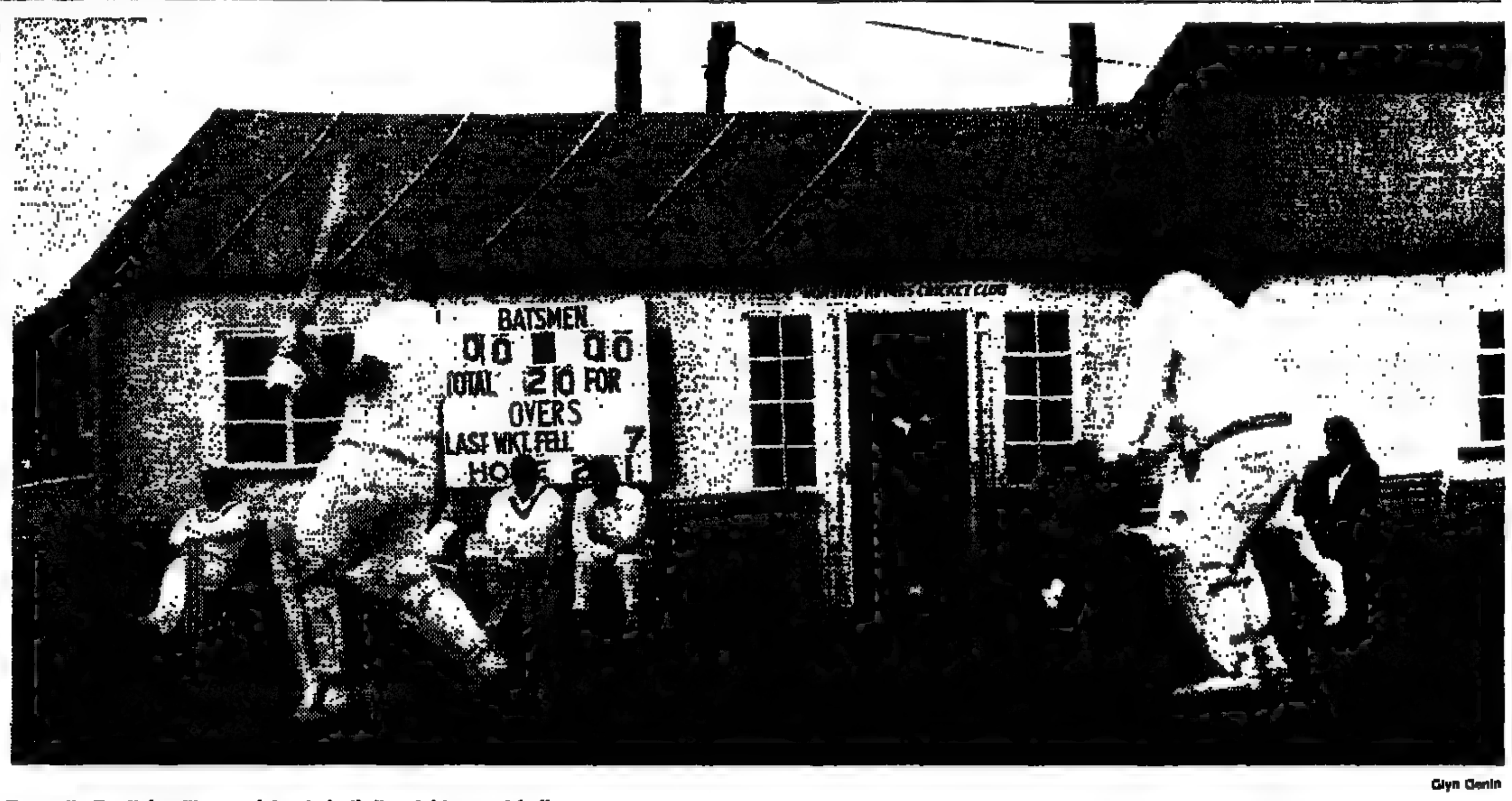
On the same day, the *Süddeutsche Zeitung* carried an interview which started: "When the [east German] pop star Inka Bause thinks back to her first confrontation with the western music business, she immediately recalls that evening in Munich.

"It was a meeting with enormously important music industry people and such types, says Inka, 'make me nervous, anyway.' They sat in an expensive restaurant, spoke about recording contracts, charts, competition strategy.

"As the main course was ordered, a music executive turned jovially to the young East Berliner and asked: 'Now, little one, what's it like to get something nice to eat for once'?"

James Morgan

■ *James Morgan is diplomatic correspondent of the BBC World Service.*



Eternally English: village cricket is both flourishing and fading

Glyn Genin

Is sunset still a golden sea, and is there honey still for tea?

***Teresa McLean** spent a summer day watching cricket in Madingley. The scene looks as it did when Rupert Brooke wrote of the village in his poem The Old Vicarage, Grantchester. But the sport has changed subtly*

PHILISTINES commenting on cricket reduce its subtleties to complexity. People commenting on village cricket, however much they like it, can see its existence from only one of two viewpoints.

Either village cricket today is just a romantic hangover from a golden age which will never return, or it is still going strong, as it always has done, on the village green, complete *with dilapidated pavilion and* bespectacled vicar.

The facts of village cricket life do the sport proud by being both subtle and simple. On the *whole, village cricket is flour*ishing; but, strictly speaking, it is also fading. I went to Madingley, a village near Cambridge, to learn about its cricket at first hand and was richly rewarded.

The match was between Madingley and a pair of villages called Swaffham Prior and Swaffham Bulbeck which joined their two teams into one, Swaffham, about 10 years ago. "We'd have gone out of existence otherwise," their captain told me cheerfully.

He and a couple more Swaffham stalwarts declared themselves to be "all going over the hill together." They are in their early 40s, generous *and liquid-loving in* appearance.

Hardly any of the team live in the village but pretty well all of them originally came from it. The captain, like most of his troops, keeps cricket as his chief connection with the village and regards himself as a Swaffham man.

Many modern village teams are local rather than village sides, with players from nearby estates, industrial and factory settlements and from neighbouring villages unable to support an XI. *Amalgamation* is common, especially where villages have shrunk to shells of their former selves. Where they have become weekend homes for people working in towns, they use their weekend villages for weekend cricket.

This means the romantic tradition of the blacksmith bowling hell for leather, the vicar leaving in mid-spin for vespers and the lord of the manor turning up when least wanted is becoming a more pragmatic tradition, bent on survival.

Madingley's scorer, Dennis Teversham, a man of few *words but great thoughts, is a* fund of detailed information on the club's history. For him, changing cricket populations are nothing new.

He sat on the pavilion balcony with an extinct pipe and a panting dog, releasing little flurries of facts during quiet patches of play. After 30 overs, with Swaffham *150 for two, I* had learnt a bit. Two overs later, with Swaffham 168 for six, Madingley's morale had risen and scoring was busy. I had time to reflect on what I *had been told.*

Madingley cricket club was founded in 1913, died in the Great War, was re-founded in 1933, died in the second world war, was re-founded in conjunction with nearby Dry Drayton village, then refounded yet again, on its own, in 1958.

Madingley ground is gorgeous, snuggled in hills, surrounded by meadows, trees and undergrowth. It is overlooked by farms, the village church and the village pub. It boasts a surface which is a force of nature in favour of bowlers and – presumably – of those most familiar with its dangers.

It is a steeply tilted set of medieval ridges and furrows, the only consolation for batsmen being that these are parallel to the wicket, not across it *to detonate bouncers.*

A constable bowler made his way slowly up the hill and reached the crease just about fit enough to deliver the ball, mildly. A thin young bowler tore down the hill and bowled furiously, then followed through with unstoppable momentum, almost as fast as the ball.

He was one of three generations of Tevershams involved in the match. In Madingley at least, village cricket's time-honoured feature of fam*ily dynasties is in good form.* The youngest, fastest, 14-year-old Teversham was playing alongside his brother and his father, the captain, while his grandfather (71) scored and his mother and grandmother did the teas.

The teens are a surprisingly fertile age for village cricketers, thanks to determined programmes of encouragement from organisations such as the NCA (National Cricket Association) and the Lord's Taverners. Parents from 40 upwards *rejoice in their role as the bas*tions of experience. Often it is 20 and 30-year-olds who are the scarcest, with a sense of village cricket only as a rare and distant entertainment.

One of the nicest things about village cricket is that it is still an entertainment. Its gloriously informal atmosphere does not seem to have been stiffened by the advent of the regional leagues. These organise almost all village cricket now, making for more regular and more evenly-matched fixtures.

Madingley had lost their last *game by one run to Fulbourn* village. But they made a more substantial job of their defeat in the game we saw: Swaffham 191; Madingley 112.

"We was walloped," said Teversham, but he regards the North Cambridgeshire League, in which Madingley play, as neither here nor there.

For local women, village cricket is, as it always has been, regular, entertaining and, almost always, non-playing. The glories of the pavilion range from trimmed *sandwiches and cups of tea,* with paper napkins alongside, to the more unpredictable sort.

The huge six that redistributed the kitchen window into the food recently was not unusual. The cows that wandered into the pavilion the evening before the game two weeks ago were more of a challenge. The lady with 20 years' Madingley tea service to her credit smiled grimly. "You never seen such a mess in your life." There is no trace of it now. She shook her head in tandem with her mother-in-law, a veteran of 30 years' tea service.

Their efforts were worth it. *Every tea needs its pavilion* and Madingley's is a paragon of cricketing initiative. It used to belong to Queen's College, but when Queen's built a new one in the early 1960s, Madingley Cricket Club's secretary, Ron Martin, zoomed in as from the covers and bought it for a snip.

He organised his team into a convoy of tractors and a trailer to move the dismantled bits and pieces to the Madingley ground. Every piece was numbered and on arrival they were fitted together like a jigsaw.

Madingley are a friendly lot and drink with anyone who *wants to join them in the pub* after the match. When I asked Dennis Teversham what was his golden age with his village cricket, he didn't escape into the past.

"Well, it's got to be *now . . . I'm retired . . . here I* am in the sun, watching cricket with friends from my village and from the other villages. What better?"

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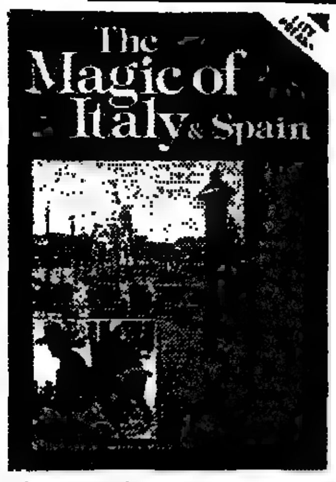

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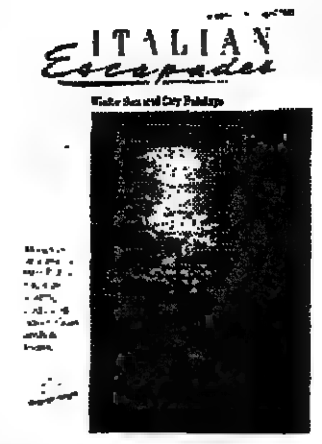

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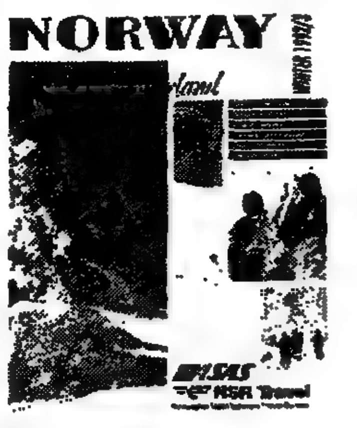

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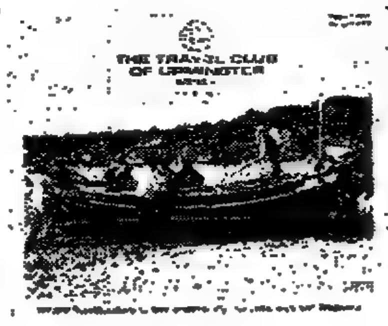

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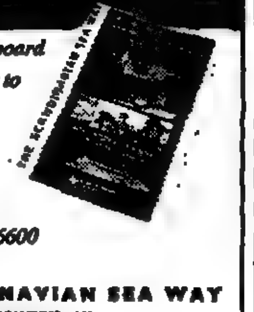

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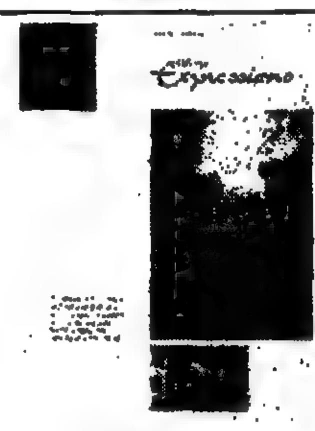

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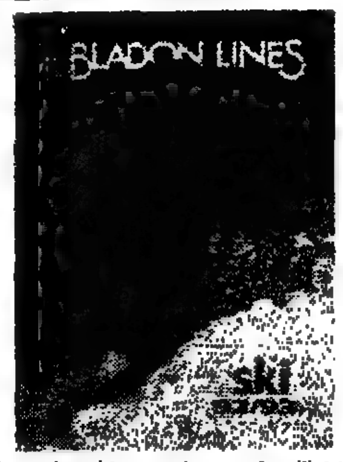

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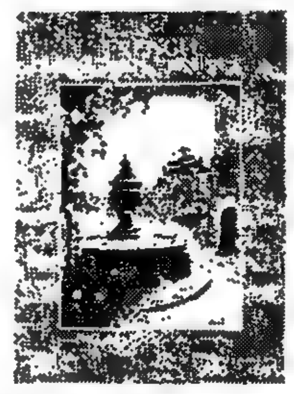

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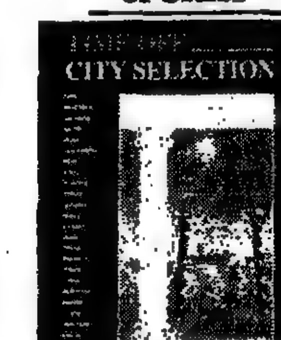

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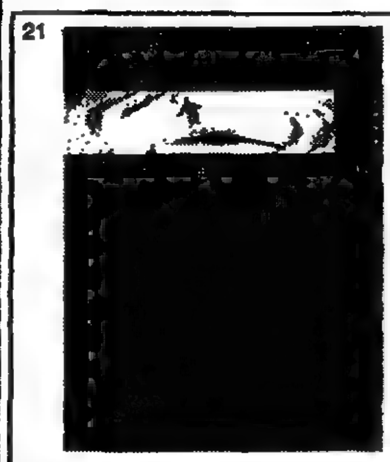

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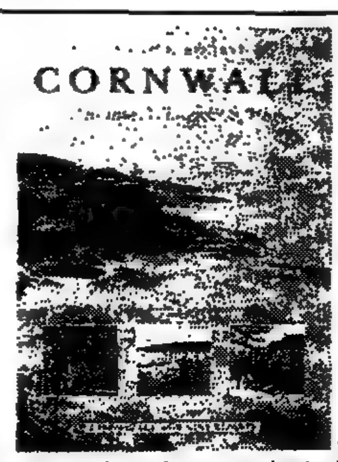

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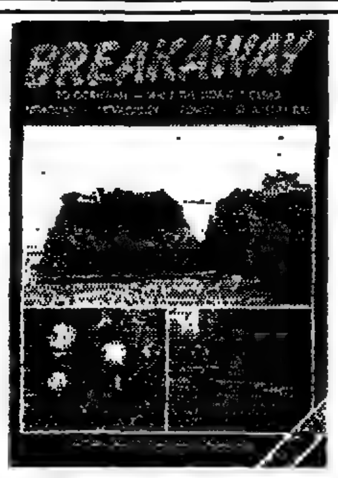

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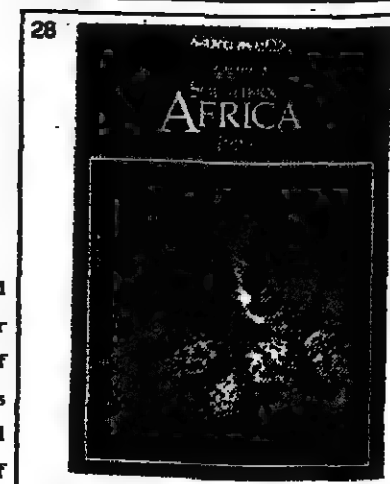

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Japan's Alps – trekking among the gods

***Christopher McCooey** enjoys hot outdoor baths, staying in mountain huts and watching the sun rise while hiking in Japan's North Alps*

I WAS at 5,000ft and taking a bath with a stranger.

"Are you America?" he asked.

"No, I'm from England," I said, sounding like a school master.

"Ah so," he said, bobbing his head vigorously just above water. "My name is Taniguchi. I am 40 years old."

Many conversations start like this in Japan even when you are in hot water, outdoors and higher than Ben Nevis. I was half-way into a 10-day walking tour through the North Alps of Japan and was enjoying the soak after a hard day. I was following in the footsteps of an English vicar who had been that way in the summer of 1894.

The Rev Walter Weston had gone to Japan in 1888 as a missionary. He ended up spending three extended periods in the country and wrote four books about Japan, including the classic *Mountaineering and Exploration in the Japanese Alps*.

He is best remembered for introducing the notion of recreational mountaineering to Japan and opening local eyes to the beauty of Japan's mountains – a noteworthy thing for a foreigner to have done, particularly as he looked at the beauties of the mountains with only one eye. For all of his long life – he died at the age of 79 in 1940, just before the outbreak of the Pacific War – Weston was blind in one eye.

I asked Taniguchi san if he knew about Weston. "Of course," he said without hesitation. "Father of mountaineering. There is memorial in Kamikochi." Kamikochi, twinned with Grindelwald in Switzerland, was where I was heading, having started, like Weston, at the spa of Renge Onsen in the north of the mountain range that runs north-south through the middle of the main island of Honshu.

Cars and buses can reach Renge, and the trail I was going to follow started in front of the primitive collection of wooden huts and cabins that housed the spa's indoor baths and sleeping accommodation. With my water bottle full of cold, sweet black tea, I set off after a breakfast of rice, dried seaweed, raw egg, pickles and miso soup. If that is not your idea of how to start a day in the mountains then you will have to carry your own instant coffee and porridge and a small stove on which to prepare them.

Japan's mountains are steep and in the hiking season (May to October) it can get warm in the day-time. But the cool of the mountains is a relief from the sauna-hot cities. You sweat a lot, so I was grateful for a neck-towel and a wide-brimmed hat and a map that showed the trail and indicated where drinking water was available.

There is luxuriant vegetation up to about 6,500ft. Above 8,000ft bare rock is usually broken into slabs and chunks by freezing and thawing and other weathering.

The first peak I scaled was Shirouma, the white horse mountain. It was pretty crowded on top as the mountain is accessible by cable car from Hakuba, one of the most popular ski resorts in Japan. Almost everyone I met in the mountains greeted me with *"Konichiwa!"* ("Hello!") or *"Ganbatte!"* ("Keep going!").

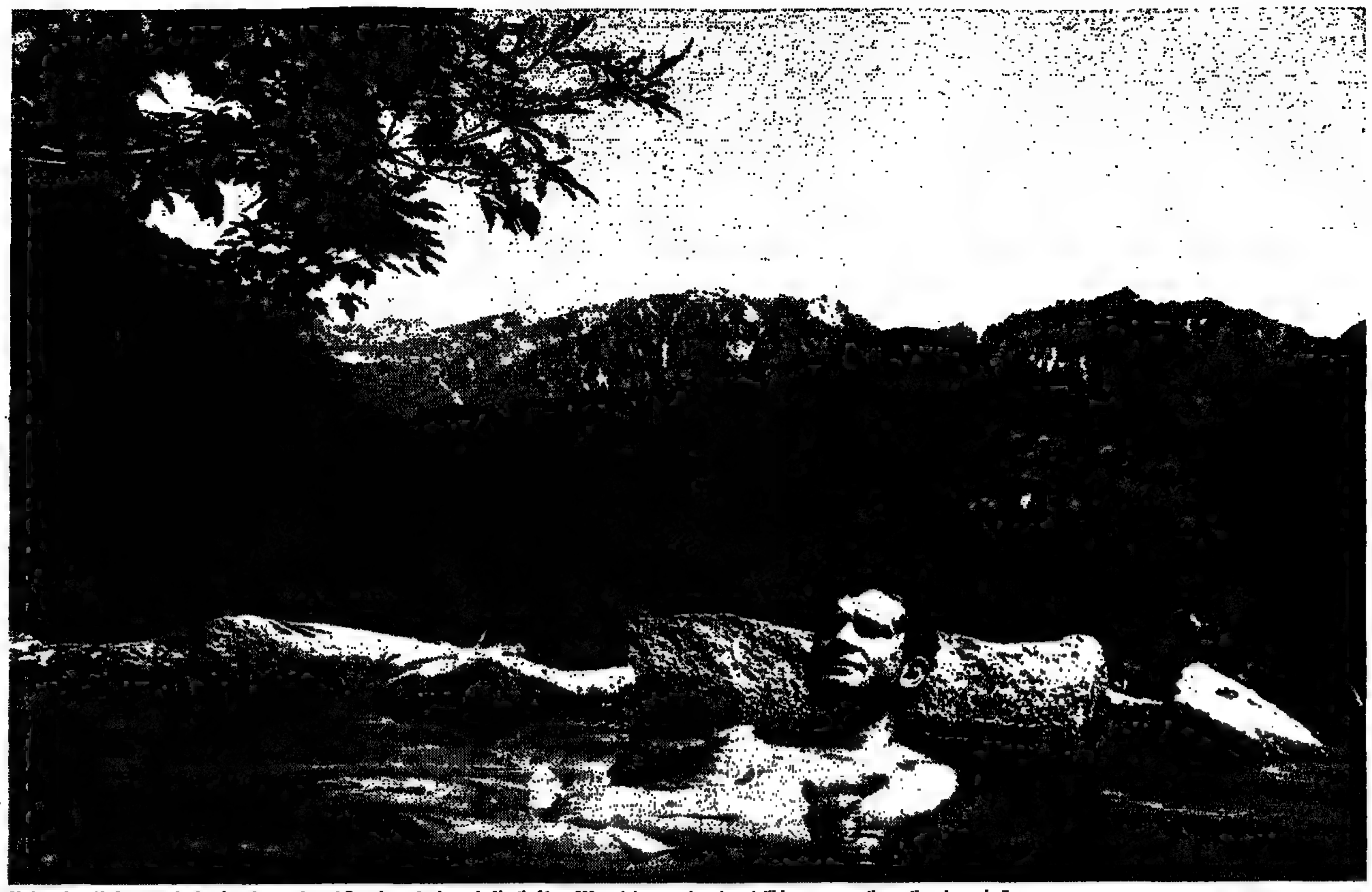
A group of students asked me to join them for a "memorial" photograph on the 9,620ft summit. It was the first of many such requests during my hike. Snap-happy Japanese will urge you to say *"Cheezu!"* and ask you to *"pozu,"* which usually means raising two fingers in a Churchillian gesture.

The trails are usually well marked, and there are plenty of huts where you can get food and shelter for the night; a mattress and duvet are supplied but it is a good idea to take a sheet-style sleeping bag. Accommodation and two meals costs about £25. There are also camp-sites that charge about £2 a night.

The second day's hike was the hardest. I dropped down more than 6,500ft from the exposed alpine peaks around Shirouma into a narrow valley verdant with maple, oak, beech, willow and birch. The whole valley seemed to hum and buzz with insect life in contrast to the silence of the peaks above.

The map said there was a hot spring in the valley – the symbol looks like an upside-down jellyfish, steam rising from a pool. Beside the mountain hut at Babadani were some hot baths, but I walked a bit further up the valley to where I had seen steam rising from the river bank.

I stripped off and felt my way into the river, finding just the right place so that my buttocks did not boil and my toes were not tortured by the ice-cold melt-water. White-rumped swifts swooshed for one last snack before roost time and a dipper and a grey wagtail bobbed and bowed before retiring.



Christopher McCooey relaxing in a hot spring at Senninyu, in Japan's North Alps. "Mountains exert an irresistible power on the national psyche"

The next day I hiked along the Kurobe river valley. Much of the time the trail is an old mining track hewn out of sheer rock on the side of the gorge cut by the river. In places there are vertical drops of several hundred feet, but fixed chains and metal bridges are reassuring. I camped the night near the old mine shaft cut horizontally into the mountain, following a silver vein.

'They were crowding into the shrine atop the peak to be blessed'

From the mine it was quite a pull to reach the outdoor spring where I met Taniguchi san. The place was Senninyu – "hermit's hot water" – named after an ascetic who lived in a cave there five centuries ago.

Crossing a snow field, I thought I had encountered the hermit himself: a man wearing a traditional bamboo strip hat and a kimono of black cotton. There was a samurai's sword stuck in his belt. On his feet were *tabi* (socks with the big toe separated from the rest) and straw sandals called *waraji*. The only non-Edo era item was a pair of red Y-fronts, visible because he had hitched up his kimono to facilitate walking.

He was really a salary man in disguise. He told me he hiked in the alps dressed like that "to refresh his Japanese spirit and Japanese heart." The good reverend would have nodded sagely if he had encountered such a hiker – Weston used to tie *waraji* under his hob-nailed boots to improve his grip when clambering over wet and slippery rock.

In a day I reached Tateyama, just under 10,000ft; next to it is Oyama, one of the most sacred peaks in Japan. It was over-run by hordes of day-trippers who had been coached to within striking distance of the summit. There were toddlers and teenagers wearing T-shirts saying "Records are made to be broken but TDK CDs go on for ever" and, more enigmatically, "Regard me sexual eyes." Their parents and grandparents were crowding into the shrine atop the peak to be blessed by the resident priest who was waving a sacred wand over them.

In July and August, the peak summer season, no less than 10,000 people visit this shrine daily. It does a jangling trade, for it seems that every one of those 10,000 descends to the bus terminal with a charm that has a bell attached to it.

The tens of thousands who flock to such shrines may not love the mountains in the same way as the climbers and hikers. But the fact that they risk sprained ankles and sweat-stained designer clothes is testimony to the power that mountains still exert on the Japanese. This goes back to the time (before Weston arrived) when they considered the mountains that cover two-thirds of their country to be the domain of the gods.

The high spot of my hike, at 10,430ft, was Yarigatake, which Weston referred to as the Matterhorn of the East. I scrambled to the summit to watch the sunset and, 11 hours later, the sunrise. Away to the south-east, Fuji rose out of the clouds.

All that remained for me was to drop down to the valley to pay my respects at the Weston memorial – a simple plaque on a shady rock with the bespectacled and dog-collared vicar looking kindly out at the mountains he loved.

■ Details about huts and trails can be obtained from Kita Alps Hyutte Tantosake, Meibundo, Kotsukaikan-nai, 2-13 Yurakucho, Chiyoda-ku, Tokyo, tel: 03-3211-1023.

In addition, the Japan National Tourist Organisation at 6-6 Yurakucho 1-Chome, Tokyo, tel: 03-3502-1461, produces pamphlets and short mountain hiking itineraries in English for the Kamikochi area.

Any Japan Travel Bureau can make reservations for you in the mountain huts, as well as hotels and inns. Above the treeline you will never be turned away from a mountain hut if you do not have a reservation, but you may have to sleep on the floor.

Make sure you have appropriate equipment and clothing for mountain hiking, particularly if you plan to climb out of the valleys and up to the peaks.

By the light of Mrs Full Moon

***David Pilling** is conducted through southern India by a most unusual guide*

A 17-year-old girl called Indumathi from Madras was about to change her name as well as her address. As is the way for most Indian women, she was – in accordance with the wishes of her parents – to marry a man she had barely met and to live in a city, Bangalore, she did not know.

The marriage, as it turned out, proved a happy one. True love, Indumathi explained, grows from mutual understanding and is not something experienced by the likes of starry-eyed teenagers.

There had, she acknowledged, been a hitch. For all the diligent preparations undertaken by her parents, for all the dowry calculations, all the interviews with families of prospective grooms, for all the consultations with astrologers, gossiping with neighbours and discussions with marriage brokers, one detail had been overlooked.

Indumathi, which means "Full Moon," was to be married to a Mr Chander Shekar, or "Mr Crescent Moon." She was to become irrevocably wedded to the name Mrs Full Moon Crescent Moon.

Nearly 20 years later, Indumathi was still not entirely reconciled with her bilunar name, which even now causes her to wince and chuckle deeply. The moon, however, has smiled on her. Since her marriage she had become a successful tourist guide based in Bangalore and had taken many well-known people around the country, including the late film producer Sir David Lean, during the making of *A Passage To India*.

Mrs Full Moon Crescent Moon was to guide our Bales group through southern India, a region often overlooked by the hurried traveller. Our tour got underway in Madras, India's fourth largest city and the place of Indumathi's birth.

Madras, where the British East India Company got its first clawhold on the subcontinent, is reputedly more sedate than the cities of the north, but there was little evidence of this in the mayhem of its streets.

Ten centuries of transport co-exist on the Madras roads, a burden that often proves too much judging by the twisted hulks of lorries littering the wayside. Each stretch of pock-marked tarmac carries swaying bullock carts as well as Morris Oxfords, creaking rickshaws as well as thundering buses, zipping motor scooters as well as human ants meandering under the weight of overlarge bundles.

Navigation is not a visual affair. Most vehicles have dispensed with mirrors, which are seen as unnecessary appendages, rather as humans have dispensed with their tails. Instead, motorists manoeuvre by reference to sound, slowing and swerving as dictated by the cacophony of horns, bells and hooters. A hint of regulation is provided courtesy of the cream coloured cows – the so called "break inspectors" – which wander nonchalantly across even the busiest intersection.

At night, the only visual aids are the trees flanking the roadside, painted with white rings to reflect headlight beams. Mrs Full Moon Crescent Moon was amused by my alarm at the traffic and crowds. She thought it funny to read in the British press of a "large crowd" – say 30,000 – attending a sporting event.

She could produce this many people by ploughing her car into the back of a rickshaw. That is how many onlookers would instantly gather around. I asked her not to demonstrate.

Next stop on the Full Moon tour was Bangalore, Indumathi's new home and, by all accounts, India's pleasantest conurbation. The airport welcomed arrivals to the "garden city," a booming centre for high technology, cosmopolitan culture and Indian yuppies. Bangalore has boulevards, working traffic lights, passably uncrowded streets and even a botanical garden. It also has pubs.

That night in Pub World, a plasticy Wild West theme bar, Bangalore's swinging set were seated on mock logs, pressing their often substantial bellies against the bar-top. They drank over-priced bottles of beer and smoked long cigarettes. There were mixed couples, rare in India, and western music, rarer still.

The PA system struck up with *Bachelor Boy* by Cliff Richard. A middle-aged gentleman with a drooping moustache and a turmeric-stained kipper tie shouted out the lyrics to his male companion in animated fashion. In a Peter Sellers-type rasp he enunciated the words "Happ-ee to be a bach-elor boy un-til my dy-ing day," winking and breaking into tremendous laughter at the wit of the lyrics.

Such salacious behaviour was not in evidence in Kerela, the first state in the world freely to elect a communist government and our last stop on the Full Moon itinerary. Kerela has the highest literacy rate in India, the most equitable distribution of land, the highest suicide rate and the greatest incidence of death from marauding elephants.

The south-western state, communism notwithstanding, adheres to the system of arranged marriages predominant in the rest of the country. Engels would not have approved, but Mr N B Manju, an effusive and good-natured Kerelan, saw no drawbacks to a system that had delivered him a skinny wife and a fat dowry.

He explained how things worked in Cochin, Kerela's chief port. Parents with a daughter of marriagable age, he said, employ the services of a marriage broker whom they furnish with information on the girl's status, caste, job, horoscope, appearance and size of dowry on offer.

The broker matches these details with similar data relating to eligible young men. A meeting between boy and girl is arranged. Parents, uncles, aunts, nephews, friends, grandparents and assorted human flotsam gather for the five-minute interview.

Manju noted that such visits are so perfunctory that a well-organised family can fit in three or four sessions in an afternoon. A decision is then made – by the young man and his parents – as to which courtship to pursue. The girl, too, Manju assured me, could call a halt to events.

More romantic visits ensue, with perhaps only 10 relatives in attendance. Eventually the families agree on marriage arrangements, but not before employing the services of an astrologer to evaluate the match. A thumbs-down from him can put the kibosh on everything. If you were really keen on the girl, though, most astrologers had their price.

It is hard to imagine, during the to-ing and fro-ing of such a saga, how the parents of Indumathi could have neglected to inquire about the surname of the prospective groom.

■ David Pilling travelled c/o Bales Tours (Bales House, Junction Road, Dorking, Surrey, RH4 3HB; reservation, tel: 0306-885991). Accommodation was with Taj Hotels. Bales organises 10-day escorted tours of southern India starting at £1,195. The 18-day escorted tour (from £1,795) includes stops in Madras, Bangalore and Cochin.

RECORDS

Pop

Scream's tops

THE RECORD of the year is *Screamadelica* by the Scottish band Primal Scream. That's official. It was chosen by experts from a short list of 100 albums, in the record industry's attempt to match the Booker Prize with a serious, incorruptible competition to find the best album of new music released in the UK and Ireland in the past year.

Sponsored by Mercury – the communications company not the dead Freddie – the idea has taken a firm hold in year one. The 10 short-listed albums were wonderfully eclectic, ranging from the multi-million selling contributions by such big guns as U2 and Simply Red (who would have regarded the £20,000 prize as small change) to the intense spiritualism of John Tavener's *The Protecting Veil* (Virgin Records), a cello piece inspired by a miracle of the Greek Orthodox Church, and the soulful jazz of the South African, London based, pianist, Bheki Mseleku (World Classic) on the album *Celebration*. If the Mercury prize had no other plus than making these two albums available in High Street stores, it would have justified its existence.

Primal Scream was the obvious choice to lift the award. Its music manages to be both trendy and reassuring. The tracks range from the sprightly, uplifting, melodic "Movin' on up", a natural hit single; to the right-on, ethnicity of "Slip inside this house"; to the even more black "Don't fight it, feel it"; to a nod towards psychedelia in "Higher than the sun"; and so on.

The entire Mercury shortlist sampler of 10 representative tracks, a wonderful bargain at £3.99, offers a crash course in contemporary music, and Primal Scream condenses it all into one album. It is all very clever; very accessible; beautifully produced; and enjoyably fronted by singer Bob Gillespie. No new worlds are explored, indeed there is more than a hint of Simply Red in the slower numbers, but 1992 is neatly captured. The judges plumped for a "no risks" winner, for a band which could still use the prize money.

Apparently, Primal Scream, saw off strong challenges from U2, John Tavener, Bheki and The Young Disciples, whose genuinely black, funky soul, pulsatingly danceable album *Road to Freedom* (Talkin' Loud) would have been a bolder choice for the winner. Here again, the debt is palpably owed to American Soul, but there is a commitment, especially on tracks like "Move on", which makes this album particularly enjoyable.

Apart from Simply Red, the other shortlisted albums were *Rising Above Bedlam* (Oval) by the idiosyncratic Jah Wobble, which takes you smoothly to Africa and beyond; *Fox Base Alpha* (Heavenly) by the dance band favourites Saint Etienne; *Honey's Dead* (Warner) by the American-influenced Jesus and Mary Chain; and one completely oddball outsider Barry Adamson, whose *Soul Murder* (Mute) takes a Laurie Anderson approach, with the man talking mysteriously over late night urban jazz music. Of these my fancy would have been Jesus and Mary Chain, if only for the deathly vocals of brothers Jim and William Reid and the drained out punk feel, a cross between Lou Reed and The Pixies.

But if you discount Primal Scream as the marketable choice for the winner, what of the two also-rans? *The Protective Veil* is a 45-minute challenge for cellist Steven Isserlis, whose continuous, austere solo seeks to portray the transcendental power of the Virgin Mary.

Moving through various stages of her earthly and heavenly life, the cello maintains a haunting lyrical strain, seeing off interruptions from the strings. There is no development towards a finale, but the evocation of a mood is beautifully sustained. It is instrumental plainsong as far removed from Radio One as Purcell is from Prince.

There is something equally hypnotic about Bheki's *Celebration*. Intense, introspective, building up from simple melodies into finely textured jazz rhythms, Mseleku is well served by such British musicians as Courtney Pine on soprano sax and Eddie Parker on flute, but the inner force comes from the American bass and drums team of Michael Bowie and "Smitty" Smith. There is nothing new here, but it is very classy stuff.

The judges have selected probably the best two new albums of contemporary classical music and jazz for praise. It would have been perverse to make either the winner of a popular competition.

Antony Thorncroft

Mixture of the routine and the very fine

***Andrew Clements** listens to recordings of 20th century music by Boulez and others*

PIERRE BOULEZ relinquished his post as director of IRCAM in Paris at the end of last year to concentrate on his composing and conducting. In the long term, one may hope that there will much more of the former than the latter, but at any rate the first fruits of his return to the concert hall and recording studio are now appearing. The two releases for Deutsche Grammophon mark the start of what is promised as a long-term and substantial association, during which he will re-record much of his repertory.

In the 1960s, Boulez began to put on record for CBS the 20th-century works with which he had made his reputation as a conductor. Those performances of Debussy, Stravinsky, Bartók and the Second Viennese School set new standards of clarity and structural integrity which have influenced interpreters ever since.

As Boulez has seemed to mellow in the past two decades, he has added more flexibility and natural expression to his conducting. Anyone who heard his performances of *Pelléas et Mélisande* for Welsh National Opera earlier this year will have heard how much warmth he can now bring to that score, without sacrificing any of his rigour or lucidity.

The new discs of Debussy and Stravinsky with the Cleveland Orchestra offer the first evidence of this new breadth. The opening of "Gigues" in the orchestral *Images* is magically done, with string textures exactly graded, woodwind figures etched sharp against them and each paragraph individually shaped. It is a ravishing performance; the triptych of "Ibéria" sparkles with rhythmic life, "Rondes de printemps" presents a kaleidoscope of changing orchestral colours. But the *Prélude à l'après-midi* is disappointing – stiffly jointed, unrhapsodic, rather conventional in its articulation and unsensuous in a way that even Boulez's 1960s version managed to avoid.

The same mixture of the routine and the exceptionally fine pervades the Stravinsky disc. *Petrushka* opens tepidly indeed, with only the occasional flashes of rhythmic assertiveness to a give a hint of its conductor

Debussy: Images, Prélude à l'après-midi d'un faune, Printemps. Cleveland Orchestra/Boulez. Deutsche Grammophon 435 766-2.
Stravinsky: Petrushka, Le Sacre du printemps. Cleveland Orchestra/Boulez. Deutsche Grammophon 435 769-2.
Stravinsky: Le Rossignol. Bryn-Julson, Palmer, Laurence, George, Caley, Howlett, Tomlinson, BBC Singers & Symphony Orchestra/Boulez. Erato 2292-45627-2.
Stravinsky: Le Sacre du printemps, Perséphone. Fournet, Rolfe-Johnson, London Philharmonic/Nagano. VCK 7 91511-2 (two CDs).
Stravinsky: Oedipus rex. Cole, von Otter, Estes, Sotin, Gedda, Chéreau, Swedish Radio Symphony/Salonen. Sony SK 48 057.

and though it gains gradually in vitality, there is something over-civilised about it all, despite the responsiveness and the drive. *Le Sacre*, though, does deliver the goods in the end. Boulez is an old hand at delineating its instrumental strands, precisely pointing its accents. He still makes the second half of the work more monumental and remorseless than any other conductor, and no one drives the final pages home with such savagery.

There are no weaknesses either in his new account of *The Nightingale*, the *conte lyrique* in three short acts, which Stravinsky began in 1908 but did not finish until 1913, the year of *Le Sacre*. It is a work Boulez has conducted in London several times but never before on record and he offers here a perfect balance between analytical exactitude and fairy-tale enchantment, relishing each of its virtuoso orchestral effects (derived in equal measure from Rimsky and Debussy) and bringing every episode to vivid life. The text is sung in the original Russian (though the accompanying tri-lingual booklet never reveals the fact) and the cast is led by Phyllis Bryn-Julson's limpid, ecstatic Nightingale.

For Stravinsky from a conductor whose generation must have profited enormously from Boulez's example, Virgin Classics' bargain set is thoroughly recommendable too. For the cost of a single full-price CD, one gets a thoroughly worthwhile performance of *Le Sacre*, couched in Kent Nagano's characteristically lithe, perceptive terms and most efficiently played by the LPO, and an altogether outstanding account of the melodrama *Perséphone*, which seems more and more to be one of the supreme masterpieces of Stravinsky's neoclassical period.

In terms of recording and performance, this is by a long way the best version in the catalogue, graced by Anthony Rolfe-Johnson's beautifully polished singing, and Anne Fournet's impassioned narration; the playing of the LPO and of its solo woodwind especially is exemplary.

Esa-Pekka Salonen's Stravinsky series for Sony has contained some fine performances, though his *Oedipus rex* is not one of the best instalments. Vinson Cole's Oedipus is rather tiresome and Simon Estes' s Creon laboured, but is well worth hearing for Anne-Sofie von Otter's meltingly seductive Jocasta, the collector's curiosity of Nicola Gedda's Shepherd (a bit effortful in all honesty) and Patrice Chéreau's exemplary narration, perfectly judged and unaffected.

Salonen is at his most disciplined in Stravinsky, and the playing of the Swedish orchestra and chorus are kept on a tight rein. Somehow, though, the remorseless terror of the piece just eludes him.

Pierre Boulez: plans to concentrate on composing and conducting

Opera

Massenet reappraised

MASSENET'S last operas were given their first performances posthumously: the comedy *Panurge* in 1913 (a year after his death), the romantic tragedy *Cléopâtre* the following year. Neither was a success. *Don Quichotte* apart, this had been the fate of most of his works in the last decade of his life.

His star was on the wane. A public introduced in 1902 to the brave new world of Debussy's *Pelléas* became perhaps impatient thereafter with the "well-made" aspects of Massenet's idiom, and unable or unwilling to distinguish with what subtlety he continually renewed it. From that time until quite recently the critical formulation has tended to go unchallenged that late Massenet – *Don Quichotte*, again, apart – comprises a tired, formula-bound series, little worth the bother.

That is changing. In particular, the annual festival launched a few years ago at Saint-Etienne, the composer's birth-place, is stirring up received opinion. *Cléopâtre* is the latest of several feats of Massenet re-discovery undertaken there: the 1990 festival production was recorded "live" and is now published on one of the more adventurous small-company labels.

It is endlessly fascinating: an opera of chamber-drama intimacy (for all its gestures in the direction of spectacle) executed with peculiar mastery, and so economical in its treatment of Louis Payen's workmanlike libretto that within the first 15 minutes all the basic elements are laid in place.

There is an unwasteful quality about the musical treatment, an underplaying of melodic curves and a touching-in of ceremony and show that betoken the confidence of a mature artist in his craftsmanship. More than ever – because now the strokes are so lightly and pointedly made – the word-setting skill is breathtaking.

Whether it be the introductory Roman fanfares ("generic" rather than musically original, but briskly introduced and summarily dismissed) or the infusion of Egyptian low-life exoticism (with its gentle back-references to *Thaïs*), Massenet squanders not a note on scene-setting.

What interests him most are the erotic pull of the work's pivotal relationship and, above all, the titular heroine. From her first monologue Cleopatra (mezzo) is pictured in the round, as a mature sensualist, complex, quick to calculation – she has set out to captivate a brashly sceptical Anthony (baritone), and easily accomplishes the ploy – and prone to sudden caprices, yet capable of grand, unfettered passion in the end. (The fact that the role was written for Lucy Arbell, the composer's own *amitié amoureuse* of his last years, throws revealing sidelights on the characterisation.)

Subplots involve Octavia (soprano) and Spakos, the freed slave with whose affections Cleopatra cruelly toys (tenor). But everything is intended to reflect back on the "infinite variety" of Cleopatra herself, and does so with effortless directness. The fallibilities of lovers, tenderly and uncensoriously described (especially the female ones), was always the central concern of Massenet's artistic vision. Here, in the final product of that vision, his arts of description are distilled to a fine essence.

Part of the secret of Massenet's final-period economy lay in his intimate understanding of fine singers, in his knowledge of all the ways they could be counted on to "make the difference" to the drama – a plain vocal line becomes a bewitching one when fragrantly uttered. The Saint-Etienne recording does not command singers of quite that calibre: only Kathryn Harries in the title role, at her most liquidly and duskily appealing (because not taxed by strenuous high notes), possesses a proper measure of distinction.

For all that, this is a highly enjoyable performance, briskly kept on the move, a "real" rather than a studio-bound experience. It's curious to move from it to the latest *Pelléas* – DG's all-star, studio-glossy version – not only because one notes with heightened awareness Massenet's influence on Debussy, but also because the over-studied, over-calculated atmosphere created by Abbado and the Vienna Philharmonic seems the opposite of Saint-Etienne down-to-earth-ness.

Massenet: Cléopâtre. Kathryn Harries, Didier Henry, Danielle Streiff, Jean-Luc Maurette etc./Massenet Festival Chorus, Saint-Etienne Orch./Patrick Fournillier. Koch Schwann 314 064 K3 (two CDs)
Debussy: Pelléas et Mélisande. François Le Roux, Maria Ewing, José van Dam, Jean-Philippe Courtis, Christa Ludwig etc./Vienna Philharmonic, Vienna State Opera Chorus/Claudio Abbado. DG 435 344-2 (two CDs)
Strauss: Die Frau ohne Schatten. Julia Varady, Hildegard Behrens, Reinhild Runkel, José van Dam, Placido Domingo etc./Vienna Philharmonic, Vienna State Opera Chorus/Georg Solti. Decca 436 243-2 (three CDs)

Beauty of sonority, which the DG offers in abundance, is no bad thing in this opera, but when dramatic muscle-power goes be missing beneath its surface, it can appear a strangely qualified virtue. In addition, François Le Roux and Maria Ewing in the title roles give the impression that Debussy and Maeterlinck have pitted a pair of youthful sophisticates, mannered to the last degree, against a castle-full of sincere older people, led by José van Dam's magnificently unforced Golaud and Jean-Philippe Courtis's quietly eloquent Arkel.

The extreme refinement of the reading is not to be scorned; but the greatness of the opera is somehow diminished thereby.

Van Dam is the Barak on Decca's new *Frau ohne Schatten* – uncut, long-awaited, high-profile in its cast, and disappointingly flawed. It is not without its great points. Julia Varady glows with inimitable and glorious lustre in the monumental title role; Van Dam sings nobly, though the character's bluff warmth does not come easily to this most fastidious of bass-baritones; and Hildegard Behrens throws her all – searing passion, pinpoint high notes and middle-register wobbles included – into the dyer's wife. The many smaller vocal elements in this vast, rich, wildly overblown fantasy are nicely touched in; the Vienna Philharmonic play with native authority.

But Solti, who writes in the programme book of a lifelong devotion to the work, is still only half a *Frau* conductor – the craggily monumental half, not the candidly diatonic, chorale-like, which he nags forward impatiently. (The recording was made over a period of two-and-a-half years, which may account for its lack of "consecutive" line.) And the casting of Domingo as the Emperor proves an embarrassing failure: he hashes up the text, breaks up the phrases, and sounds worryingly uneasy with the tessitura.

Max Loppert

Parsley, sage, rosemary and thyme

Patricia Morison considers the history of flowers on film

THERE is almost no limit to the purposes for which photographers have pointed their cameras at the vegetable kingdom and clicked. *Flora Photographica. Masterpieces of Flower Photography* admirably belies what could sound a slightly fusty title – fusty if you have momentarily forgotten such ripe masterpieces of kitsch as Bert Stern's portrait of Marilyn Monroe clasping huge roses to her naked breasts. An Arts Council touring exhibition, *Flora Photographica* is at the Serpentine Gallery in Kensington until 20 September.

What we find is some 100 photographs which add up to a survey of the uses of flowers in photography, from the pioneers of the last century until the present day. It includes pictures by many of the best known names of photography, ancient and modern, from Fox Talbot, Robert Fenton, and Julia Margaret Cameron, to Cecil Beaton, André Kertész, Edward Steichen, and Robert Mapplethorpe.

The exhibition is divided loosely according to the different types of flower photography. It shows how photography became part of the tools of the botanist, though not without early opposition from the botanical illustrators, alarmed at the prospect of this devilish invention elbowing its way on to their patch.

Nonetheless, botanists soon added cameras to their exploration kit. One of the funniest photographs in the show is an unknown botanist's record of an extraordinary plant in Sumatra, towering some 10 ft tall and descriptively named *Amorphophallus Brooksii*.

Many photographers took up the challenge of emulating the achievements of the immortal Pierre-Joseph Redoubté and the great Dutch floral artists. In black-and-white, the effect was obviously rather odd. Texture was hard to convey, so that peaches in Robert Fenton's late studies, could resemble bread-rolls or suede.

However, there are also many lovely studies such as those by the Alinari Studios. Nor was photography less able to capture the kinds of association which the Dutch masters achieved. Edward Steichen's studio arrangement of roses, caught at the moment when they start to exhale the aura of decay, conveys the foreboding of a Frenchman in 1914.

Death, oblivion, virginity, fragility, fruitfulness, and vice... *The associations of* flowers are wonderfully rich, and as this fascinating exhibition shows, over the past 150 years photographers have crossed the same ground over and over again, exploring what the Victorian founding fathers of their craft called the language of flowers.

For a still more extensive survey, you need the elegant book by the originator of the exhibition, William A. Ewing, *Flora Photographica*, Thames and Hudson, 223pp. £25.

Hypnos by Frederick Holland Day (c. 1896)

Flora Photographica is sponsored by BT. It will move to the Royal Botanic Gardens in Edinburgh (3 October-22 November), then to Manchester (28 November-17 January) and Coventry (23 January-7 March)

Love's labour's well spent

Andrew St George enjoys a production in Manchester

WILLIAM Hazlitt kept *Love's Labour's Lost* in a fitful exile from the stage by saying: "If we were to part with any of the author's comedies, it should be this." The Royal Exchange Theatre Company has called this difficult play back to life in a simple new guise. The mood is everything: winter or spring. But this production is too sombre for farce, and too light for a meditation.

The 1594 *Love's Labour's Lost* is no frothy comedy. The cost of countering Hazlitt was a modish search for the gloom in the play. Peter Brook's 1946 Royal Shakespeare Company revival found out the sadnesses and compromised the mirth, making Don Armado a faded Grandee rather than an *Andalusian Falstaff. Modern* productions know that the frozen laughter at the end should start to chill even in the first scene.

James Macdonald's production opens on a circular grass field; the four men arrive to begin their celibate retreat. All parts but Berowne's are a thankless matter of waiting, like a bell in a peal, to strike and then fall silent again. The women arrive, and the "civil war of wits" begins.

The characters are surprisingly cruel with each other, a fact that the direction fails to exploit. The women mock and the men bluster; the pedants look pathetic; and the token foreigner, the faded Don Armado, everywhere finds his confused gentility misunderstood.

Don Armado is lugubriously and finely played by Bernard Bresslaw. He has that "mint of *phrases in his brain", but lacks* the discipline of an exchange rate mechanism, for he, like everyone else in the play, is hell-bent on the conspicuous consumption of words: "I am for her, volumes in folio."

The other wordsmiths, the pedants, Holofernes (David Ross) and Sir Nathaniel (Roger Delves-Broughton) are a quidditative delight, all intellectual ostentation met with simpering admiration. Linus Roache as Berowne spinning "taffeta phrases and silken terms precise" keeps the action moving by the energy of his verse-speaking.

But the women, ably led by Patricia Kerrigan's arch Queen, could be cooler and less flighty, since they call the whole thing off at the end, and must make this look plausible. Their ambassador is the "honey-tongued" Boyet (John Bennett), inward with the *women and haughty with the* men. He needs more attention than Macdonald's direction gives him; he links the two courts, and his attitude – cruel or playful – makes the mood of the play.

Ace McCarron's lighting, with a lovely change of state at the end, realises that the heart of the play beats in its final lines: "The words of Mercury are harsh after the songs of Apollo. You this way, we that way."

This is a wonderful theatrical moment, about what it means to watch a comedy, especially one that finishes with a death and not marriages. One is elated to think that life is seldom this bad, but dispirited to know that it is rarely this good. Out of this division, for an instant, Shakespeare's ending creates its own community in the theatre.

At the Royal Exchange Theatre, Manchester (061) 833 9833, until October 17

Lovely modern Vienna

THE 1992 Promenade Concerts come to an end tonight, and the best was kept almost to the last. There is no doubt that Pierre Boulez's concert with the Vienna Philharmonic on Thursday was the season's outstanding event, and in many ways its most unlikely one: who would have imagined, even five years ago, that the Vienna Philharmonic, most conservative of the world's great orchestras, would come to the Albert Hall with a programme entirely composed of 20th-century works, including a piece by Boulez himself?

In their first of their proms on Wednesday, the orchestra had been heard on more familiar territory, conducted by Claudio Abbado in Haydn's *Military* Symphony and Mahler's First. By the Vienna's exalted standards that had been a run-of-the-mill affair. Slicked down, big-band Haydn, without a crescendo out of place and everything confined within a narrow, middling dynamic range, was followed by Mahler in which the sum of the beautifully executed parts – luscious, refined string tone, crystalline, characterful wind solos – offered little more than the sketchiest portrait.

Abbado is too perceptive a conductor to be uncaring or meretricious but this seemed nowhere close to the searching, gritty texture of his finest London performances, which promised to set new standards for Mahler interpretation.

All such disappointments were vanquished the following evening. Boulez is not the first conductor to bring contemporary music to the Vienna Philharmonic; Abbado's own activities when he was the orchestra's musical director included the inauguration of the Wien Modern festival, to which the Philharmonic was called upon to make a contribution.

Yet the exceptional standards produced here – in works that surely are no part of their regular repertoire – had the kind of presence and authority they conventionally bring to the classical staples. It was overwhelmingly convincing.

Boulez too seemed galvanised by the occasion. The vivacity that launched the orchestra into Stravinsky's *Chant de rossignol*, bundling together all its febrile strands, teasing out the lyricism, was at the opposite pole from the tender care with which Debussy's *Nocturnes* were unveiled, its layers of strings peeled away to reveal yet further perspectives, further exquisite detail.

The Vienna wind were outstanding through the evening; *they came into their own in* Bartók's *Miraculous Mandarin*, long one of Boulez's most uncompromising performances, with surreal clarinet solos, tumescent trombones and hard-revving trumpets, the whole thing propelled on a writhing body of string tone.

Boulez's own *Livre pour cordes* demands that same kind of high tensile strength. It is one of the most concentrated of his orchestral works, full of proliferating lines, dense-packed chords, explosive pizzicatos. Here it emerged as an immensely passionate piece, bursting with lyrical strength and woven out of rapturous string cantilenas. Concerts like this need to be treasured.

Andrew Clements

The good, the bad, the artistically free

Time flies for Nigel Andrews, as a vintage Venice Film Festival moves towards its close

IF a large bomb had dropped on Venice's Lido last Sunday, it might have wiped out European cinema. Some 50 famous film-makers converged on the festival island to take part in a talkathon about artistic freedom. All day long, in several languages, they jawed and jawed or earnestly listened: the Rosis, Taverniers, Jordans, Costa-Gavrases; even Sean Penn as Hollywood's envoy, wearing UN-style headphones and a look of dazed mental overload.

But artistic freedom, as film festivals teach us, is a mixed blessing even when available. The worst Venice movies, as we approach Golden Lion hour, have been cinema's equivalent of free verse or tennis without a net. Peter Handke's *Absence* from Germany won the international walkout prize, with its audience-scattering tale of four travellers journeying through a series of enigmatic landscapes and incomprehensible "poetic" dialogue scenes.

Luis Puenzo's *The Plague* came a close second, with its OTT Camus update, transposing poor Albert to a South America of juntas, rats and overblown co-production dialogue. William Hurt, Sandrine Bonnaire and Robert Duvall are among those going down with the ship, shortly after it is vacated by the rodents.

The best films at Venice have been those that stood up, fastened their top shirt-buttons and played by the rules. Daniel Bergman's *Sunday's Child*, scripted by father Ingmar, is an immaculately-laundered memory trip from the screenwriter who gave us *Best Intentions*. Time, 1926; hero, an eight-year-old Ingmar already learning about death, feuding with his pastor father and wondering why his older brother Dag's bed shakes shortly after Dag has been looking at artistic photos of nude women.

Visually, the film has the summer-kissed beauty of *Elvira Madigan* and even borrows its star Thommy Berggren to play Ingmar's Dad. But like *Best Intentions*, it conceals torments inside the nostalgic trappings. The father-son quarrel is emotionally amplified by a daring flash-forward in mid-film – to Papa's deathbed in 1968 – and also by an inspired story within a story about a demon-possessed watchmaker. This eerily symbolic sequence allows Ingmar's own son Daniel, in his feature directing debut, to ape the Master at his *grand guignol* best.

The two other palpable hits at Venice were Sally Potter's *Orlando* from Britain and Zhang Yimou's *The Story Of Qiu Ju* from China. The prospect of Potter's film had me quailing. A feminist film-maker hitherto known for such aesthetic torture sessions as *The Gold Diggers* (Julie Christie going gnomic in the Yukon) here adapts Virginia Woolf's ur-feminist novel about a sex-changing, century-hopping adventurer. But *Orlando* the movie is so lightfooted that it skates – literally in the early Elizabethan scenes on a frozen Thames – over both the frigid tundras of message cinema and the thin ice of picaresque allegory.

Traversing 400 years, we meet Quentin Crisp as Elizabeth I, Ned Sherrin as Dr Johnson, and John Wood, Dudley Sutton and Heathcote Williams as assorted historical crazies; we warm to Tilda Swinton's hero(ine) with her perpetual-sunrise look of intelligent surprise; and we applaud the witty, jewelled, picture-book tableaux, which borrow a leaf or two from the Greenaway book of period recreation.

Where Potter's film took Venice by surprise, the entire population of Italy seemed to be in the queue for Zhang Yimou. Trailing prizes and flurries of controversy for *Red Sorghum* and *Raise The Red Lantern* (banned in China), Yimou now startles us with a film that seems like a piece of party-line folk propaganda. *The Story Of Qiu Ju* is the simple, dimpled tale of a peasant woman who seeks justice after her husband is kicked in the testicles (sic) by the village headman.

Off she traipses to find that justice, selling more of her modest farm produce (chili peppers) the further she has to go on each expedition (village, town, Beijing). Let us add that she is worthily pregnant; that the film is shot plainly without any of Zhang's subversive camera flourishes; and that the whole thing reeks of Chinese political correctness.

Astonishingly it still works. Any sermonising on the virtues of Chinese law or the steadfastness of the country's peasantry is gradually upscreened by the story's comic setbacks and ironies – even legal satisfaction brings fresh mishaps in its wake – plus the uningratiating strength and charm of Gong Li's performance. And if Yimou is on a tight stylistic rein, he still composes like a master. The multi-layer shots place the potentially preachy tale inside a larger, vibrant fresco of human life.

In Otar Ioseliani's *La Chasse Aux Papillons*, a pair of white Russian sisters living in a French chateau are overrun by will-seeking relatives and property-eyeing Japanese. (The medium is the message: a Paris-based Georgian director makes a comedy about the world becoming a diaspora culture).

In Ivan Dichovichny's endearingly dotty *Moscow On Parade* characters keep bursting into song all over 1939 Soviet Russia, as if F. Lehar had been appointed Kremlin composer by J. Stalin. Lots of newsreel-plundered parades set to stirring march tunes; lots of interchangeable male leads warbling at our heroine, a beautiful aristo with an eye patch and a champagne bottle permanently tilted throatwards.

I could not work out if this film was meant to be serious. Mind you, it was not the sole contender in the mad hatter stakes. Compare Italy's *The Mines Of Sulphur*, concerning the sex habits of Sicilian miners, and China's *Blood Morning*, which is Marques's *Chronicle Of A Death Foretold* dramatised in multi-decibel Mandarin.

There was always America. There always will be America, if Venice's Hollywood-friendly new festival director Gillo Pontecorvo is to be believed. Though none of the US films is a Golden Lion favourite, nearly all set audiences purring. Brian De Palma's riotous thriller *Raising Cain* I wrote about last week. Keith Gordon's *A Midnight Clear* sets William Wharton's anti-war tale in a poetically snow-flurried 1944 Ardennes.

Don Scardino's *Me And Veronica* is a tangy, rough-weave comedy about two sisters (Elizabeth McGovern, Patricia Wettig) coping with love and death in the Philadelpia boondocks. And *Glengarry Glen Ross* is only a filmed play, but what a play (by David Mamet) and what a piece of filming (by James Foley).

Jack Lemmon in person took the audience cheers at Venice, for his playing of Mamet's seedy real-estate salesman caught with fingers in till. But the whole cast is a sensation, from Alec Baldwin and Ed Harris in the barnstormer roles to Al Pacino weaving hilarious inflections around Mamet's poker-faced staccato recitative. I looked at my watch at the end, astonished that 100 minutes had gone by.

But then I am looking at my watch again now, astonished that a vintage Venice festival has gone by, with only 36 hours, three films and a bunch of prizes to go.

Jack Lemmon heads a sensational cast in Glengarry Glen Ross

Radio

Classic FM's chatty debut

ON MONDAY morning, I reckoned I had stayed too long with Classic FM's debut – there was nothing amiss with the broadcast, but it lacked variety. The trail of short classical-music extracts, mostly familiar, had no theme.

Yet reflection reveals this as intrinsically an advantage, *for the new classical music* channel is not to be thought about, simply listened to. If I had been driving, I might have liked it; though, then I could not have entered the mini-competitions that peppered the morning.

There was news hourly, on the hour, a racing tip, relatively few commercials. Henry Kelly's chatty presentation is not my cup of tea, and his announcing less informative than the BBC's. At midday he gave way to Susannah Simons, not so consciously unsophisticated. She had a brief everyday talk with Jeremy Isaacs about programming and casting at Covent Garden.

Subsequent mornings have tended to follow a similar pattern; we may settle down. My main complaint is one's ignorance of what is coming, though the *Radio Times* gives an outline of the programmes.

On Sunday, Sir Roy Strong's fiery first of four talks on Radio 4 about *Ministering to the Arts* recalled, among much else, how the Arts Council's missionary fervour under Keynes, and Jennie Lee as the first arts minister, subsided into later policies of official restriction rather than encouragement.

The Arts Council, under a Tory squeeze nobly restrained by Lord St John of Fawsley, had to slide support over to new Regional Arts Associations, each £1 of bounty required to be matched by £1 of local authority's. Other things being equal, Sir Roy reckoned that David Mellor at the department of the national heritage might prove likely to boost the government's concern with arts welfare. Meanwhile, he still has much to tell us.

Radio 3 this week marks the end of the Proms, the cricket and the drama Summer Season. The drama season included *I always take long walks*, that I spoke for here lately, as the better of Sunday's two plays – a monologue for a keen cricketer's wife (Judi Dench), who finds better things to do than go to his matches. I need say no more, save that Peter Tinniswood's script is as moving as it is amusing, and Dame Judi's *performance beyond criticism*. John Tydeman directed.

I do try to enjoy Radio 5's young people's programmes, but it is not easy. On Monday, *STARS*, adapted by a quartet from Russell Hunter's books, deals with sixth-formers and their families. The first instalment (of 20) told us who they are and how they live. Plot was signalled at the end. Dexter Fletcher plays the lead, direction is by another quartet.

Then came a reading of Anne Fine's *Crummy Mummy and Me*, a schoolgirl's diary of life with her slapdash Mummy and respectable Gran. Mummy's boyfriend is called Crusher Maggot, and a dispute with Gran arises when she dyes her hair royal blue – solved when rain washes the dye out. They all came back each night of the week. I did not.

Young people of another kind are only in the title of Radio 4's *Frenchmen Desire Good Children* on Wednesday, a tour round the French quarter of *New Orleans. Some folk* declared it the most desirable place on earth, some thought it shabby. The Italians were taking over, complete with Mafia. Amateur female wrestling was on, and "miracle cures" from voodoo priests.

But the good French children were moving away, to Atlanta. There was no presenter, you heard what you heard, and Piers Plowright, the producer, offered no conclusions. "We're not exactly where we started from," said our occasional guide finally, "but this is where it ends," and maybe *that* is the conclusion. It was fun, yet I doubt if I would find my way on that side of Canal Street.

B.A. Young

BOOKS

Theroux paddles his own canoe

***Michael Thompson-Noel** on the travel writers' trials*

TRAVEL writing is not especially easy. There are too many traps, of which sentimentality, superficiality and counterfeit enthusiasm are only the three most obvious. The worst sort of "travel writing," common in newspapers but also found in books, is practically identical to advertising copy-writing. It is designed to move product, sell holidays, put bums on aircraft seats.

The best sort of travel writing, on the other hand, may be many things: what Paul Theroux, in his introduction to someone else's travel book (Moritz Thomsen's *The Saddest Pleasure*) has called a report of a journey, a memoir, an autobiography, a confession, a foray into topography and history, a narrative – a summing-up.

THE HAPPY ISLES OF OCEANIA: PADDLING THE PACIFIC
by Paul Theroux
Hamish Hamilton £16.99, 541 pages

Whatever it is, it requires an abundance of technique, however skilfully disguised. To see how it is done, you can seldom do better than Paul Theroux himself, whose latest travel book, about the Pacific, is panoramically accomplished.

The writing is cool, the reportage industrious and the research rock-solid. Theroux's control of his material is a wonder to behold. My only quibble is its silly title, but I doubt that that was Theroux's idea – probably a marketing wally's.

Theroux is a loner, eccentric, possibly weird. But it is thanks to his talent for solitariness and to his monomaniacal determination to paddle between this island and that in a collapsible kayak that we owe many of the bonuses of this remarkable adventure.

A kayak, yes. Despite sharks, crocs, currents, surf and sometimes unpredictable and surly natives, Theroux is never happier than when paddling his little craft to unpopulated spots as far from human company as he can get. Here he is, for example, loading his boat for a trip to the secluded islands of the Vava'u group, a part of Tonga whose attraction to Theroux is that it doesn't contain any Tongans:

"My heaviest single item was water... I carried it in two- and three-gallon bags, a week's supply, which I stuffed under the bulkheads, with my waterproof bags containing my food, my dry clothes, my stove, my pots, my tent. On the deck, in a plastic holder, I had my map of the whole archipelago, and a water bottle, and a compass. Close to hand I had emergency flares."

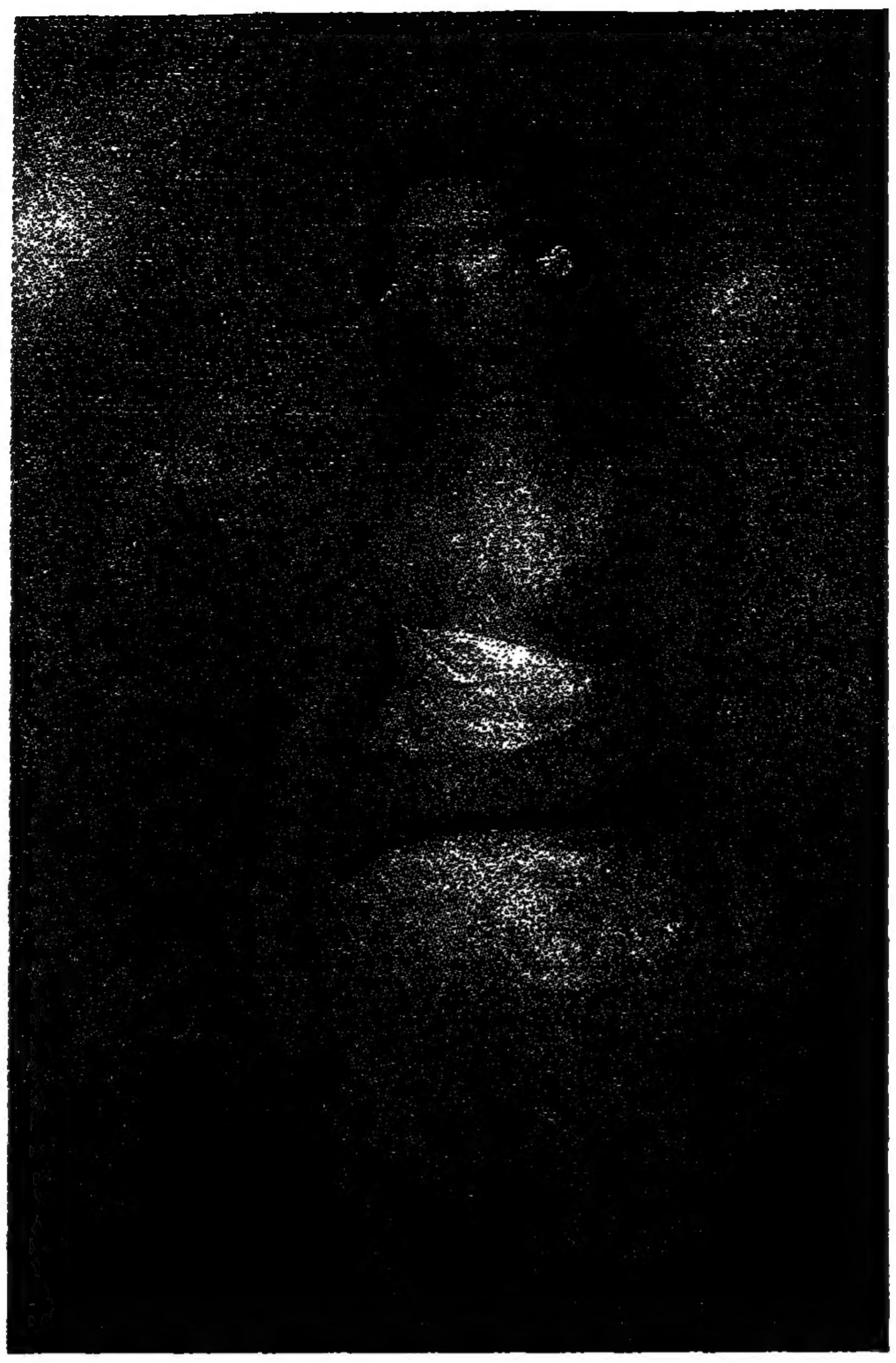
Theroux's journeying starts in New Zealand, with a mind-clearing trek in Fiordland. Then he visits Australia, where not all his encounters are happy ones. At a literary dinner in Fremantle a fat drunk lurches down the hall and stands menacing Theroux in front of all the guests, gargling and making gestures. "You're a wanker, mate!" says the drunk, and has to be dragged away.

After that, Theroux heads for Melanesia (the Trobriands, the Solomons, Vanuatu and Fiji), Polynesia (Tonga, Vava'u, Western and American Samoa, Tahiti, the Marquesas, the Cook Islands and Easter Island) and eventually Hawaii.

Theroux could not be dull if he tried. And he is scrupulously inquisitive. He does not just tell us that Samoans are famously fat. He finds out why.

The answer is massive amounts of bananas, taro, breadfruit; fat-white mutton; unsaleable parts of dead animals imported from New Zealand and Australia – chicken backs, parson's noses, trotters, withers; canned corned beef so loaded with fat (sometimes hippo fat) that it can be eaten with a spoon.

In Tahiti for Bastille Day, he watches the gala the French call *Heiva Tahiti* – Tahiti Festival – which turns out, as he expects, to be a "wonderful example of colonial comedy and hypocrisy".



"Poedua", by John Webber — one of many illustrations from "Imagining the Pacific" by Bernard Smith (Yale £45, 262 pages). Smith describes how European artists and scientists travelling to the Pacific at the time of Cook's voyages came to see the world in new and creative ways

After the parade, Theroux talks to some of the French foreign legionnaires who are thick on the ground in Polynesia. He discovers that the legionnaires often buy their Tahitian girlfriends sets of false teeth. "When the legionnaire goes home to France he takes his girlfriend's teeth with him, so as to leave her less attractive to men. 'Sometimes the girl does not want to give her teeth back,' a legionnaire told me in Papeete. 'Then we turn her upside down and shake them out of her.'"

Theroux gives ground to no man in castigation of the French and their infantile colonial behaviour. If the French foreign ministry is still unsure of the harm France does itself with its antics in the Pacific – most wickedly, *its* nuclear testing – then it ought to have Pages 414-415 faxed to Paris at once.

When France has destroyed a few more atolls, says Theroux, and managed to make the islands glow with so much radioactivity that night is turned to day; when they have sold the rest of the fishing rights; when everything has been thoroughly plundered, the French will plan a great ceremony and grandly offer the unemployed, deracinated Pacific citizens in T-shirts and flip-flops their independence. "In the destruction of the *islands*, the French imperial intention, its *mission civilisatrice*, will be complete."

Theroux is equally sharp when writing about the missionaries and other trawlers for souls – Mormons, especially, but also Jehovah's Witnesses, Seventh Day Adventists, Catholics, the whole despicable crew – that have played such an egregious rôle in shaping the Pacific.

Many will rate this Paul Theroux's best travel book. Me, I love them all.

There is nothing like a Dame . . .

***B.A. Young** on two biographies of theatrical giants*

WE MAKE them dames but we don't venerate actresses as we did. Once there were postcards of Gladys Cooper or Marie Tempest on the railway station bookstalls. Today, the Flying Scotsman is as likely as Judi Dench. Michael Coveney gives his *Maggie Smith* the Shakespearian subtitle *A bright particular star*, but this is an all-round portrait of Dame Maggie that goes beyond the theatre. It has veneration, and to spare.

She is not an easy subject for a theatre biography. Her approach is businesslike: "Acting is what I do," she told a *New York Times* interviewer. "I've never been in a position to question it." She does not like public appearances, except on the stage.

Moreover, a lot of her best work was done in Canada at Stratford, Ontario, where she was memorable as Millamant, Cleopatra, Rosalind, Beatrice and more under the influential direction of Robin Phillips. The Canadian exile arose from an unhappy marriage with Robert Stephens, by whom she has two sons, both in the theatre. Dame Maggie is now married to writer Beverley Cross, an old friend from Oxford days when he was at the university and she at the playhouse. Their life is happily reclusive.

Dame Maggie's aficionados may think of the film of *Jean Brodie*, or, if they were lucky, of the line: "This haddock's disgusting" as she gave it in the National's *Hay Fever*, which brought not only a laugh but a round of applause. Coveney's vast amount of discreet and friendly research – which surely must have been as enjoyable as it has proved fruitful – presents the personal life as sensitively as the professional.

MAGGIE SMITH
by Michael Coveney
Gollancz £16.99, 286 pages

MY FATHER LAURENCE OLIVIER
by Tarquin Olivier
Headline £16.99, 270 pages

Dame Maggie used to be accused critically of frivolous gestures and odd inflexions, but if such faults really existed, they are gone now. Indeed, her intonations, to which she gives endless thought, often are clearly right even when they are unfamiliar: "Always full of new touches of invention," says Sir John Gielgud on directing her. Coveney's book is worthy of her, and I cannot speak more highly than that.

Tarquin Olivier's book about his father is another matter, an account of the actor's life seen from close up with little research needed. It was not hard to overlay one's admiration for that great man with a film of dislike after the publication of his autobiography, *Confessions of an Actor*, which Tarquin reckons he wrote "in a blind and bitter rage." It is disagreeable to feel a like reaction to his son's book, compiled out of deep affection, an emotion that clearly was mutual and abiding.

Tarquin was Olivier's son by his first wife, Jill Esmond; he was always close to her. Olivier seduced Vivien Leigh while Jill was pregnant with Tarquin.

Later, when Vivien had told him that she no longer loved him (and was already beginning to suffer from her mental difficulty), he transferred his affections to another actress, Joan Plowright, now Lady Olivier.

The book is a marsh of casual Christian names, and there are many extracts from family letters of only family interest. Of drama criticism there is, of course, little. Almost everyone turns out to be a goodie in whatever circumstances – most of all, Tarquin himself, who must be the most patient fellow imaginable.

Tudor soap opera

"DIVORCED beheaded died, divorced beheaded survived": as every schoolchild knows, Henry VIII's wives did not have enviable fates. The story of Prince Charming turned Bluebeard, the king who murdered his way through six spouses, is among the most gory and sexy in history. Chills and thrills remain in each retelling, but what more is there to say?

There is nothing new here. Antonia Fraser fleshes out the tale with guesses so fevered and intimate that her book is less history than imaginary portraiture. Queen I, Catherine of Aragon, reigned twice as long as the other five put together, so records are at least sufficient for speculation to be viable. But four of Henry's short-lived wives were commoners about whom nothing – not even their age – is known until the moment he noticed them.

Fraser can only exaggerate sketchy stereotypes – Anne Boleyn as cunning temptress, Jane Seymour as docile sweetie-pie. "Did the earth move for them? . . . the celebrated ultimate conjunction did not actually represent much sexual novelty for either King or Lady", she presumes when Anne Boleyn becomes queen.

A historian's trade is inspired guesswork, but it depends on absolute grasp of context. Fraser's old-fashioned, personality-dominated history is flat and wooden because the contemporary world view – the cultural, religious, political ideas which stamped each queen – is woefully missing.

THE SIX WIVES OF HENRY VIII
by Antonia Fraser
Weidenfeld & Nicolson £20, 479 pages

Ironically, social historians (Lawrence Stone, Gertrude Himmelfarb) out-thrill her by allowing personality and salacious detail to come alive in their correct setting. Here, lumpen inventories of jewels and costumes stand in for period authenticity.

Fraser's queens are "victims of their biological destiny." But what about social factors? The commoner wives fell – as they do in the 1990s – because they misunderstood royal rules; the foreign princesses, Catherine of Aragon and Anne of Cleves, knowing about royal survival, kept heads and fortunes.

Fraser has written on many monarchs. This book joins the recent crop of quasi-feminist biographies arguing independent identities for famous wives. But it is not the separate personalities that compel here; rather, the terrifying mix of individual characteristics and political position, pedigree and likely fertility which determined life for men and women alike in the 16th century.

This was the age when children's births and deaths dictated their parents' foreign policy; when lonely teenagers went as ambassadors to marry abroad; when new alliances were dangled as old spouses lay on their deathbeds.

Renaissance love and marriage are fascinating because people are pawns; to turn it into Tudor soap opera is both historical and literary misjudgment.

Jackie Wullschlager

School ties that fail to bind

***Jonathan Sale** reflects on inky dictators and youthful necrophiliacs*

THE TROUBLE with schools was that they were full of people who were immature, ignorant and, sometimes, psychopaths. That was just the teachers. The pupils were much worse. "Not all headmasters were sadists," was the best that could be said about the inky dictators at the top of these festering institutions.

Have things improved over the years? More or less, according to the findings of Tim Devlin and Hywel Williams, who had the bright idea of asking prominent people about their schooldays. Around 1,600 of them did their homework and sent back their questionnaires. Some, unfortunately, were a great deal less interesting than others. The difference between a filled-in form and a well-written book seems to have escaped the authors.

Old School Ties is bitty and, on the whole, a dull read. The most banal pieces of information are plonked down on the page, isolated amid acres of white space. But a few nuggets sparkle through the rubble.

Comedian Roy Hudd had to write his own prayer and read it out at assembly. Actress Angela Pleasance went to a school of which the assistant head was Jomo Kenyatta's first wife, Edna. Rupert Allason MP, alias espionage expert Nigel West, went to a Catholic school where one of the resident monks was a former spy.

OLD SCHOOL TIES
by Tim Devlin and Hywel Williams
Sinclair-Stevenson £17.99, 472 pages

PREP SCHOOL: AN ANTHOLOGY
compiled by Michael Gilbert
John Murray £17.95, 228 pages

The most interesting section consists of memories of people who didn't go to school, or not for any length of time. That might well say something about educational establishments in general, but it is not worth ploughing through 472 pages to find out.

Prep School, by contrast, is a real book. It helps that Michael Gilbert, as well as being himself a better student of English than Devlin and Williams, has taken his quotations from already-published writings. He propounds the theory about not all headmasters being sadists, although to some extent this flies in the face of the evidence he has collected.

One head walloped his boys so hard with a massive ruler that he broke a finger – not, alas, his own. Another, known as Beetle, not only beat a pre-teen fiercely enough to draw blood but also had the nerve to charge the parents the enormous (for 1914) sum of ten shillings for the birch he used. At Cyril Connolly's school, "The death rate was low," which counts as high praise.

It is well known that the public schools have given our teenagers a tough time over the centuries; it is more startling to appreciate that the preparatory schools have handed out much the same treatment to the seven-to-12 bracket. Indeed, it is amazing that any of the lads actually stayed on school premises – and not all of them did. One well-known journalist did a bunk, having received a perfectly serious death threat from a youthful necrophiliac.

Fortunately, *Prep School* provides us today with more entertainment than most of its contributors seem to have enjoyed at the time. Their short extracts, grouped together under headings such as "Matrons" and "Great Men in Short Trousers," make for more than a catalogue of horrors.

There are some triumphs: conductor Malcolm Sargent could skive off games by dislocating his shoulder at will and actor Peter Finch could vomit to order. Giles Romilly, whose 16-year-old brother Esmond started the subversive magazine *Out of Bounds*, wrote ribald verses about a master handicapped by the name of Handicap.

Arriving at my own prep school some 20 years after singer George Melly, the youngest of the writers quoted in the book, had left his, I found the atmosphere far less ferocious. The boys were nicer, for a start; my favourite teacher had to marry the matron, but no one wrote a single ribald rhyme about him.

Chess No 940:
1 . . . Ra2 2 Kc4 a4 3 Kb4 Kg6 4 Be3 Kf5 5 Bc1 Ke4 6 Ba3 Kd4 7 Kxa4 Kc4! wins the bishop and the game.

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Hallo Spencer. 7.50 Babar. 8.15 New Lassie. 8.35 The Jetsons. 9.00 Parallel 9. 10.55 Film: Silver Lode.

12.10 Cartoon.
12.27 Weather.
12.30 Grandstand. Introduced by Steve Rider. 12.35 Football Focus: Gary Lineker reflects on the week's World Cup qualifiers. 1.10 News. 1.15 Paralympics: Following the outstanding performances by the physically disabled in Barcelona. 1.55 Racing from Goodwood: At 2.00 The ANC Express Delivery Trophy. 2.05 Water Ski-ing: The world barefoot championships from Thurrock. 2.25 Racing: At 2.30 The Highland Spring/Roa Nursery Stakes Handicap. 2.35 Water Ski-ing. 2.55 Racing: The Ladbroke Racing Sprint Handicap Stakes. 3.05 Golf: The European Open from Sunningdale. Third round action, with Nick Faldo out to maintain his success this season. 4.40 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Big Break.
5.50 Bobby Davro: Public Enemy Number 1.
6.20 Film: Star Trek V: The Final Frontier. The crew of the Enterprise answers an emergency call when a madman holds ambassadors hostage on a distant planet. Starring William Shatner and Leonard Nimoy (1989).
8.10 Casualty. New series. Julian is not impressed with a sloppy diagnosis made by the new casualty officer and Charlie is under pressure to cut the department's pharmacy budget. A teenage runaway is rescued by police after slashing her wrists.
9.00 Last Night of the Proms. Dame Kiri Te Kanawa brings the Proms to a close with a trio of operatic arias including Ebben? - Ne Andro Lontana by Catalini. The musical celebrations reach their peak with Arne's Rule Britannia! and Elgar's Pomp and Circumstance March No 1. Subsequent programmes may run late.
10.40 News and Sport; Weather.
11.00 Match of the Day Special. Desmond Lynam introduces highlights of two of this afternoon's fixtures in the Premier League, and action from the remaining seven matches.
12.50 Weather.
12.55 Close.

BBC2

6.40 Open University.

3.00 Gardening with Wildlife. Tony Soper visits two gardens to see which trees, shrubs and plants provide the best cover and natural food for wildlife.
3.25 Film: Passage to Marseille. Wartime adventure, starring Humphrey Bogart and Peter Lorre with Sydney Greenstreet, Claude Rains and Michele Morgan. Convicts escape from Devil's Island and join forces with the free French (1944).
5.10 Film: Murder at the Gallop. Margaret Rutherford as Miss Marple investigates the mystery of the man who is frightened to death by a cat. Also starring Robert Morley and Flora Robson (1963).
6.30 Late Again. Featuring highlights from The Late Show. Simon Russell describes how to play his Stratford hit role, Richard III and the secrets behind the Booker Prize shortlist are revealed. Plus, a profile of rising novelist Jeanette Winterson.
7.15 News and Sport; Weather.
7.30 Last Night of the Proms. The 98th season of Henry Wood Promenade Concerts comes to a close. Dame Kiri Te Kanawa sings two romantic arias by Massenet, and the octogenarian Russian pianist Tatyana Nikolaeva plays Shostakovich's second piano concerto. The bicentenary of Rossini's birth is celebrated with the overture to his opera 'The Barber of Seville'. Introduced by Richard Baker. Simultaneous broadcast with Radio 3. Continued on BBC1 at 9.00.
8.30 Tennis: US Open. Barry Davies introduces coverage of the women's singles final and the men's singles semi-finals. Will this year's women's final be as exciting as last year's climactic battle between Monica Seles and Martina Navratilova?
11.00 Film: Barbarella. Cult sci-fi adventure directed by Roger Vadim and starring Jane Fonda as a 41st-century astronaut who encounters many bizarre situations in an attempt to prevent a secret weapon getting into the wrong hands. With John Phillip Law, Anita Pallenberg, Milo O'Shea, David Hemmings and Marcel Marceau (1968).
12.40 Close.

LWT

6.00 TV-am. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Starting from Scratch. Helen's ex-husband asks James to declare the leading contender of the Ohio Gold Cup horse race unfit. Starring Connie Stevens.
1.35 Film: McCloud: Colardo Cattle Caper. Unorthodox US marshal Sam McCloud (Dennis Weaver) must have his wits about him when he encounters an ambitious local sheriff. With John Denver and Claude Atkins (TVM 1973).
3.00 Matlock.
3.55 WCW Worldwide Wrestling. Grappling action in, and out of, the ring.
4.40 ITN News and Results; Weather.
5.00 LWT News; Weather.
5.10 Cartoon Time.
5.15 Barrymore.
6.00 Film: Big. Tom Hanks stars in this classic comedy about a young boy who is magically transformed into a grown-up man. With Elizabeth Perkins and John Heard (1988).
7.55 It'll Be Alright on the Night. Denis Norden presents a selection of hilarious bloomers made by celebrities, including Ronald Reagan, Bob Hope, Donald Sinden, Dennis Waterman, Muriel Gray and Annabel Giles.
8.55 ITN News; Weather.
9.10 LWT Weather.
9.15 The ITV Saturday Movie: Conan the Barbarian starring Arnold Schwarzenegger. Co-starring Max Von Sydow and James Earl Jones (1982).
11.35 The Big E. Magazine giving a taste of European life, including fashion, cuisine, entertainment and attitudes.
12.35 Get Stuffed; ITN News Headlines.
12.40 Bachelors - Confirmed. Documentary looking into the lives of independent women and 'man about town' who have all turned their backs on marriage.
1.40 Get Stuffed; ITN News Headlines.
1.45 New Music.
2.55 Rhythm 'n' Raag. Featuring Stix Man, Bally Sagoo and Bhangra band Intermix.
3.25 Indy Car Racing (Taxaco Havoline 200).
4.25 Out of Limits.
4.30 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Quizbowl. 10.30 Gazzetta Football Italia – With Paul Gascoigne including phone-in competition (0891 555 444). 11.30 American Football: Play Action. 12.00 Get Smart. 12.30 pm Bosnia.

1.00 Film: Gidget. A girl's parents disapprove when their daughter falls for an athletic surfer – until they discover who he really is. Comedy, starring Sandra Dee and Cliff Robertson (1959).
2.45 Racing from Doncaster. Including the 3.05 Flying Childers Stakes, 3.40 Coalite St Leger Stakes, 4.15 Coalite Handicap and 4.45 Reference Point Sceptre Stakes.
5.05 Brookside.
6.30 The Big 8. The search for Britain's best wheelchair basketball team continues as the Oldham Owls take on the Milton Keynes Aces. With subtitles.
7.00 The World This Week. As the situation in Somalia worsens, an expatriate Somali, Rakiya Omaar, investigates the previously ignored plight of the hundreds of refugees who have died attempting the sea crossing from Somalia to Yemen. Plus a report on the political crisis in Germany; how ordinary Germans view criticism from outside of their country's leading role in Europe.
8.00 Too Long a Winter. Documentaries highlighting the resilience of Yorkshire working folk. The first introduces the now-famous lone Dales farmer, Hannah Hauxwell who farmed 80 acres on the High Pennines, and lived in a farmhouse with no electricity or running water.
9.00 Court TV: America on Trial. Cynthia McFadden presents extracts from major American trials.
10.00 Let the Blood Run Free. Comedy set in the understaffed and underfunded St Christopher's Hospital. Matron wields power as the acting Administrator when Effie is heavily bandaged.
10.30 Film: Ay, Carmela! A travelling acting company entertains forces on both sides of the Spanish Civil War in order to survive. Political drama, with Carmen Maura. Part of the Cinema! Cinema! season (1990).
12.20 Australian Rules Football.
1.25 The Twilight Zone.
2.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 1.05 Anglia News. 1.35 Chequered Flag. 2.05 McCloud: A Cowboy in Paradise. (1971) 5.00 Anglia News and Sport 9.10 Regional Weather.

BORDER: 1.05 Border News. 1.10 McCloud: Sharks. (1974) 3.00 Granada Sports World. 5.00 Border News and Weather 11.35 The Hunter. (1980)

CENTRAL: 11.30 Zorro. 1.05 Central News 1.10 Rocksport. 1.35 The Life and Times of Grizzly Adams. 2.30 Superman. 2.55 Brand New Life. 5.00 Central News 5.05 The Central Match - Goals Extra. 9.10 Local Weather. 11.35 Magnum: The Movie.

CHANNEL: 11.30 Blockbusters. 1.05 Diary Dates. 1.10 Motor Sport Special. 1.40 Return to Peyton Place. (1961) 4.00 Cartoon. 4.15 This is America, Charlie Brown. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN: 1.05 Grampian Headlines. 1.10 Fionnan-Faoir. 1.40 Cuirm Cloinne 1.55 The Intruders. 2.25 Chequered Flag. 2.55 The Life and Times of Grizzly Adams. 5.00 Grampian Headlines and Weather 5.05 Put It in Writing. 11.35 The Hunter. (1980)

GRANADA: 11.30 Zorro. 1.05 Granada News 1.10 McCloud: Sharks. 3.00 Granada Sports World. 5.00 Granada News 11.35 The Hunter. (1980)

HTV: 1.05 HTV News. 1.10 The Flaw. (1955) 2.30 The Mountain Bike Show. 2.50 Chequered Flag. 3.20 Assignment Redhead. (1956) 5.00 HTV News and Sport

SCOTTISH: 1.05 Scotland Today. 1.10 Cartoon Time. 1.20 Five Weeks in a Balloon. (1962) 3.15 Highway to Heaven. 4.10 Bullseye. 5.00 Scotsport Results. 5.10 Scotland Today. 9.10 Scottish Weather. 11.35 The Gig.

TSW: 11.30 The South West Week. 1.05 TSW News. 1.10 Gardens for All. 1.40 Beau Brummell. (1954) 3.45 McCloud: Our Man in Paris. 5.00 TSW News. 5.05 Gus Honeybun's Cartoon Time. 9.10 TSW Weather. 11.35 The Hunter. (1980)

TVS: 11.30 Blockbusters. 1.05 TVS News. 1.10 Motor Sport Special. 1.40 Return to Payton Place. (1961) 4.00 Cartoon. 4.15 This is America, Charlie Brown. 5.00 TVS News.

TYNE TEES: 1.05 Regional News. 1.10 Soccer in the Seventies. 1.40 Chequered Flags. 2.05 Carry on Constable. (1959) 3.45 The Life and Times of Grizzly Adams. 5.00 Northern Life Sport Special. 11.35 The Hunter. (1980)

ULSTER: 11.30 Superman. 1.05 Ulster Newstime 1.10 Saturday Sport. 1.20 No Deposit, No Return. (1976) 3.30 Movies, Movies, Movies. 4.00 Wrestling. 5.00 Ulster News 5.05 Saturday Sport. 9.10 Ulster Newstime 11.35 The Hunter. (1980)

YORKSHIRE: 11.30 The Munsters Today. 1.05 Calendar News. 1.10 Davy Crockett. 2.05 Broken Lance. (1954) 3.45 Baywatch. 5.00 Calendar News. 9.10 Local Weather. 11.35 The Gambler: Part II. (TVM 1983).

SUNDAY

BBC1

6.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Start Your Own Religion. 9.30 This is the Day. 10.00 Sign Extra: Open Space. 10.30 Film: The Five Pennies.

12.20 Cartoon.
12.30 CountryFile.; Weather for the Week Ahead
12.55 News.
1.00 The High Chaparral.
1.55 Cartoon.
2.00 EastEnders.
3.00 Eldorado.
3.30 Film: Genevieve. Classic comedy, starring Dinah Sheridan and John Gregson. Two friendly rivals engage in a race on the way back from the Brighton veteran car rally (1953).
4.55 Europe by Design. Tom Vernon discovers how Antwerp in Belgium has become the most car-free city centre in Europe.
5.25 Farnborough 92. The final day of the world's major aerospace exhibition. British astronaut Helen Sharman discovers why the Airbus A320 handles like a spacecraft.
6.15 The Survival Guide to Food.
6.25 News.
6.40 Songs of Praise. Pam Rhodes visits the 500th birthday celebrations of Dedham Church, lying in the heart of the Essex countryside made famous by artist John Constable.
7.15 Keeping Up Appearances.
7.45 The House of Eliott. While Evie (Louise Lombard) is enjoying designing in Paris, Beatrice (Stella Gonet) is determined to expand the business.
8.40 Birds of a Feather.
9.10 News and Weather.
9.25 Disaster at Valdez. Drama-documentary chronicling the disturbing events following the grounding of the oil tanker Exxon Valdez in 1989.
11.00 Everyman. Following Choenzey, a 47-year-old monk whose master, a revered High Lama, has been dead for four years.
11.45 The Sky at Night. Patrick Moore looks at the Great Spiral in Andromeda, a vast galaxy of more than 150,000 million stars.
12.05 Weather.
12.10 Close.

BBC2

6.25 Open University.

12.00 Sunday Grandstand. Introduced by Steve Rider. 12.05 Tennis: US Open. 12.35 Paralympics: Reporting on the progress of Britain's team in Barcelona. 1.15 Ice Hockey: Montreal Canadians v Chicago Blackhawks. 1.45 Motor Racing: The Italian Grand Prix. 3.30 Athletics: The biggest names compete in Edinburgh. 3.45 Racing from Leopardstown: The Champion Stakes. 3.50 Athletics. 4.05 Golf: European Open. Live coverage of the final round from Sunningdale. Times may vary.
6.20 One Man and His Dog. Phil Drabble introduces the first semi-final of the singles competition and the start of the brace championship.
7.15 The Living Planet. David Attenborough explores the grasslands of America, Eurasia and Africa and encounters the rare-maned wolf, a giant anteater, bison, prairie chickens, Russian antelopes. In the Sudan he witnesses the Merle tribe hunting among the spectacular migration of a million white-eared kob antelope.
8.10 Cage and Cunningham. A tribute to avant-garde composer John Cage and dancer Merce Cunningham. Cage, who died earlier this month, is considered to be America's most original and influential composer. He not only changed the world of music but also influenced the fine arts and the world of dance. His 50-year partnership with American choreographer Merce Cunningham revolutionised the way we see and think about dance. Tonight, as a tribute, Judith Mackrell introduces Points in Space, one of their collaborations.
9.05 Grand Prix. Highlights of this afternoon's Italian Grand Prix. Commentary by Murray Walker, James Hunt and Jonathan Palmer.
9.35 Tennis: US Open. Barry Davies introduces live coverage of the men's singles final from New York.
12.35 Close.

LWT

6.00 TV-am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm An Invitation to Remember. 12.55 LWT News; Weather.

1.00 ITN News; Weather.
1.10 Special Inquiry.
2.15 The Smurfs. Animation.
2.45 Bullseye.
3.15 Film: At The Earth's Core. Sci-fi yarn. Victorian professor (Peter Cushing) and protege (Doug McClure) travel to a subterranean world ruled by prehistoric monsters (1976).
4.55 Baywatch.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Appeal. Lenny Henry appeals on behalf of the Legal Assistance Trust.
6.45 Dana – The Road to the Isles. Dana starts the second part of her journey on the West Highland Line.
7.15 You've Been Framed!
7.45 Film: Cocoon: The Return. Follow-up to the original fantasy-drama, starring Don Ameche and Steve Guttenberg. The elderly earthlings return home for a few days (1988).
9.50 Michael Winner's True Crimes. In 1989, the married son of a wealthy Surrey businessman was snatched from his home in the middle of the night and held to ransom for £1 million.
10.20 The Monarchy. The Kingdom United. The programme charts the ways in which the monarchy has tried to act as the cement to bind together the diverse nations of the United Kingdom - with varying degrees of success. Prince Charles sports a leek on his lapel as the Prince of Wales and dons the kilt as Lord of the Isles when in Scotland. But the royal family divides the communities in Northern Ireland.
10.50 ITN News; Weather.
11.05 LWT Weather.
11.10 Film: Unfaithfully Yours. Dudley Moore and Natassja Kinski star in this romantic comedy about a famous conductor, who suspects his wife of having an affair (1983).
12.55 Cue the Music.
2.00 Get Stuffed; ITN News Headlines.
2.05 The ITV Chart Show.
3.05 Film: The Fighter. A man whose family has been slaughtered by government forces joins a Mexican revolutionary movement. Richard Conte stars (1952).
4.30 Memories of 1970-1991.

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 If Wishes Were Horses. 10.45 Voyage to the Bottom of the Sea. 11.45 Little House on the Prairie. 12.40 pm Ovide.

12.55 Film: Man in the Moon. A man who is a guinea pig for scientific research is chosen to be an astronaut. British comedy, starring Kenneth More and Shirley Anne Field with Michael Hordern and John Phillips (1960).
2.45 Football Italia. Paul Gascoigne's Lazio make their first home appearance against Florentina.
4.55 Doganatcher/Spell Bound Hound (two cartoons featuring Magoo, voiced by Jim Backus).
5.10 News.
5.15 Answering Back. Susannah Simons talks to Bill Gates, chairman of Microsoft, who is rumoured to be the richest man in America.
6.00 Racing International from Longchamp and Leopardstown. Including the Prix Vermeille Escada from Longchamp and the Kerry Group Irish Champion Stake from Leopardstown. Introduced by Brough Scott.
6.30 The Cosby Show.
7.00 Equinox. The technological battle between theme parks and ride designers to create the ultimate leisure rides.
8.00 Evelyn Glennie Live. To help launch Britain's new classical music station, Classic FM, leading percussionist Evelyn Glennie plays a live concert at the Queens Theatre in London.
8.30 American Football. Atlanta Falcons v Washington Redskins.
10.00 Film: The Crossing. British television premiere of a teenage romantic drama set in a small Australian town in the 1960s. A farmer's daughter (Danielle Spencer) has to choose between the affections of two men (1990).
11.55 Film: Taipei Story. The relationship between a young Taiwanese couple goes downhill when they move into a new apartment. Cai Qin stars. Part of the Cinema from Three Continents season (1984)(English subtitles).
2.05 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Gardening Time. 12.50 Anglia News. 2.15 Heirloom. 2.45 The Last Starfighter. 4.25 Baywatch. 5.30 Bullseye. 6.00 New Candid Camera. 6.25 Anglia News. 11.15 The Young Riders.

BORDER: 12.30 Gardening Time. 12.55 Border News. 2.15 Chequered Flag. 2.45 The Sicilians. (1960) 4.00 Scottish Masters Bowls. 5.00 Scotsport. 6.00 Bullseye. 6.35 Border News. 11.15 Prisoner: Cell Block H.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.15 Memories of 1970-1991. 2.45 The Central Match – Live. 5.00 Baywatch. 6.00 Bullseye. 6.35 Central News 11.15 The Graduate.

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Telo-Jornal. 2.15 The Southampton International Boat Show. 2.45 Savannah Smiles. (1982) 4.40 Cartoon. 5.05 Bullseye. 5.35 Baywatch. 6.35 Channel News.

GRAMPIAN: 10.45 Heidi. 11.15 Sunday Service. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 2.15 Southampton International Boat Show. 2.45 Achilles. (1982) 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's Larder. 6.35 Grampian Headlines 11.15 Prisoner: Cell Block H.

GRANADA: 12.25 Chalte, Chalte. 12.55 Granada News 2.15 The Life and Times of Grizzly Adams. 3.10 The Secret Garden. (TVM 1987) 5.00 Bullseye. 5.30 Coronation Street. 6.35 Granada News 10.25 Celebration. 11.15 The Monarchy. 11.45 Prisoner: Cell Block H.

HTV: 12.30 The Nature of Things. 12.55 HTV News. 2.15 Press Your Luck. 2.45 WCW Worldwide Wrestling. 3.35 From Tokyo With Love. (1966) 5.30 Bullseye. 6.00 A Class of Their Own. 6.35 HTV News.

SCOTTISH: 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Journeys. 12.55 Scotland Today. 2.15 Brief Encounter. (1974) 4.05 Baywatch. 5.00 Scotsport. 6.00 Scotland's Larder. 6.35 Scotland Today

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.15 The Life and Times of Grizzly Adams. 3.10 The Secret Garden. (TVM 1987) 5.00 Bullseye. 5.30 Fisheries News. 5.45 Gus Honeybun's Cartoon Time. 6.00 Steve Looks Back. 6.35 TSW News. 11.15 Prisoner: Cell Block H.

TYNE TEES: 12.25 The Intruders. 12.55 Regional News. 2.15 The Southampton International Boat Show. 2.45 The Back Page. 3.15 Highway to Heaven. 4.15 Carry On Cruising. (1962) 6.00 Bullseye. 6.35 Regional News. 11.15 Prisoner: Cell Block H.

ULSTER: 12.30 Gardening Time. 12.55 Ulster Newstime 2.15 Farming Ulster. 2.40 Highway to Heaven. 3.35 Baywatch. 4.30 You're On. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Ulster Newstime 11.10 Ulster News 11.15 Prisoner: Cell Block H.

YORKSHIRE: 12.25 This is America, Charlie Brown. 12.50 Calendar News. 2.15 Highway to Heaven. 3.10 Follow Me Boys. (1966) 5.30 Bullseye. 6.00 Calendar. 11.15 The Hound of the Baskervilles. (1983)

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 The Chris De Burgh Story. 1.00 Hancock's Half Hour. 1.30 I'm Sorry I Haven't a Clue. 2.00 Sounds of the Fifties. 3.00 Richard Ingrams. 4.00 Dashing Away with a Smoothing Iron. 5.00 Cinema 2. 5.30 The Movie Quiz. 6.00 John Sachs presents Gerard Kenny in Concert. 7.00 You Can't Have One Without the Other. 7.30 From Broadway to the Orchard. 9.30 Easy Does It. 10.00 Arts Programme. 12.05 Sounds of the Fifties. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Bath International Festival.
2.30 Salve Regina.
3.00 Vienna: The Philharmonic Years 1842-1992.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 The Songmen of Elcho.
7.05 Mendelssohn.
7.30 Last Night of the Proms 1992.
10.40 Young Americans.
11.00 Bill Bruford's Earthworks.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
4.00 Science Friction.
5.00 A Year in Harness.
5.25 Fourth Column.
6.00 News and Sports Round-up.
6.25 Week Ending.
6.50 Ad Lib.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Beyond Belief.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Gardening Quiz.
10.45 Joining the Cubs.
11.00 Tingle Factor.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.06 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 People and Politics. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary. 11.01 Europe's People. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News in German; Heute Aktuell. 5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 News in German; Heute Aktuell. 7.00 News in German; Aktuelles Feature. 8.00 Latin Roots. 8.30 Europe This Weekend. 9.00 The Proms. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play of the Week: The Wild Duck. 3.00 Newsdesk. 3.30 The Invaders Legacy: Latin America 500 Years On. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business Review. 4.45 News and Press Review in German.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love.
6.00 Classic America.
7.00 Introduction to the Opera.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
3.00 Andre Leon.
4.00 Classic America.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 A Tenor Sang. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Mark Wynter. 1.00 Charles Nove. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age
1.00 News.
1.05 Replay.
1.25 The Seasons.
3.40 Pavarotti.
4.40 Talich Quartet.
5.50 Oslo Philharmonic.
7.05 Early Mozart, Early Beethoven.
7.30 Sunday Play.
9.00 Mahler.
11.00 Music in Our Time.
11.45 The Romantic Flute.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Michael Parkinson.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
4.00 The Road to Rocio.
4.47 More Wrestling Than Dancing.
5.00 Down the River.
5.40 Lines of Communication.
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Ministering to the Arts.
7.00 In Business.
7.30 A Good Read.
8.00 Punters.
8.30 Reading Aloud.
9.00 Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Science Friction.
11.15 Cafe Society.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
7.00 Waterlines.
7.30 Weekend Edition.
9.30 Tales from the Perilous Realm.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.40 Open Forum.
1.00 Sunday Sport.
6.15 Fantasy Football League Update.
6.30 Rock Solid.
7.00 Sports Bulletin.
7.10 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain. 7.15 Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 News; Words of Faith; Classics with Kay. 10.00 News; Business Review. 10.15 Short Story: There Are No Bones in Bully Beef. 10.30 Folk in Britain. 10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play Of The Week. The Wild Duck. 2.00 Newshour. 3.00 News Summary. 3.01 Pop On The Line 4.00 News. 4.15 BBC English. 4.30 News in German; Weltspiegel, Brief aus Berlin. 5.00 News; Travel News; BBC English. 5.30 Londres Soir. 6.14 Jazz Now And Then. 6.29 News Summary; News in German; Weltspiegel. 7.00 News in German; Sunday Feature. 8.00 Modern Masterpiece. 8.30 Europe Tonight. 9.00 News; Folk in Britain; Words Of Faith. 9.30 Brain Of Britain. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Short Story. 11.30 Letter From America. 11.45 Sports Roundup. 12.00 News; Business Review; Classics with Kay. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; Hostages To Fortune. 2.45 Music From The Age Of Columbus. 3.00 Newsdesk. 3.30 Composer Of The Month: Boshulav Martinu. 4.00 News; Words Of Faith. 4.15 Sports Roundup.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic Romance.
12.00 CD Requests.
1.00 Celebrity Choice.
3.00 Robert Booth.
7.00 Love Lives of the Great Composers.
9.00 Classic FM Concert.
10.00 Sunday Night Out.
11.00 Contemporary Classics.
12.00 Andre Leon.
2.00 Classic Romance.
4.00 Love Lives of the Great Composers.

CHESS

AFTER less than a fortnight, Bobby Fischer's comeback is already in serious jeopardy. Fischer won the first game of his rematch with Boris Spassky in a style variously compared to God, the Devil and Mozart, but since then it has been mostly downhill. Bobby missed a win in game two, had the worse of the drawn game three, then lost games four and five as Spassky revived memories of his own great years of the 1960s. "I may be an old lion, but don't put your head in my mouth, or I'll bite it off," said Spassky.

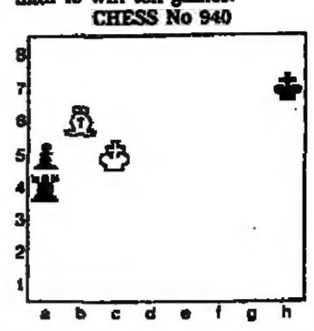
Fischer's earlier off-board moves included banning journalists from the hall if they refused to call the match a "world championship" and berating the US government for not inviting him to the White House after he defeated Spassky in 1972.

Gary Kasparov, the official world champion who Fischer claimed had prearranged results in his title matches, struck back. He scorned Fischer, 49, as a "pensioner" and called the standard of play "well below expectations. The games are quite mediocre."

Fischer-watchers recall how Bobby walked out of his 1961 series with Samuel Reshevsky after a schedule dispute with scores level, and was ready to quit Reykjavik in 1972 after going 0-2 down at the start.

This time a \$5m (£2.5m) purse is at risk, but Fischer has spurned such amounts before. Thus there is already speculation that the sanctions-busting series in Sveti Stefan and Belgrade will fail to reach its planned duration of first man to win ten games.

CHESS No 940



This position could have occurred in game two. Fischer (Black, to move) rejected it as drawn because it seems that Spassky's white king and bishop can surround and win the black pawn before the black king can run across the board and king and rook against king and bishop is normally a draw. What did Fischer miss?

Solution Page XVIII

Leonard Barden

BRIDGE

FROM THE earliest days, men have set out to explore. The bridge player ought to follow their example. Let us study this hand from rubber bridge – *Voyage of Discovery:*

N
♠ Q 10 7
♥ 9 7 3
♦ K 9 3
♣ A Q 8 5

W
♠ A 5 3
♥ A K 8 6 4 2
♦ Q 5
♣ 7 6

E
♠ 6 2
♥ J 10
♦ 10 7 6 4 2
♣ J 10 3 2

S
♠ K J 9 8 4
♥ Q 5
♦ A J 8
♣ K 9 4

South was dealer and opened the bidding with one spade, and West's overcall of two hearts posed North a slight problem. But he decided, rightly, to raise to three spades and South went on to four.

West opened with the heart ace, on which East dropped the knave, and continued with the king. He led a third heart and East ruffed dummy's nine. South overruffed and led the spade eight to dummy's queen. West took the 10 which followed and exited with another spade. The declarer had lost three tricks. He saw two chances of making his contract – an even break in clubs or a successful finesse in diamonds. He played off three rounds of clubs but West showed out on the third round. No joy. He cashed the diamond king, led a diamond from the table and finessed his knave. West had the queen – one down. The declarer was no Columbus.

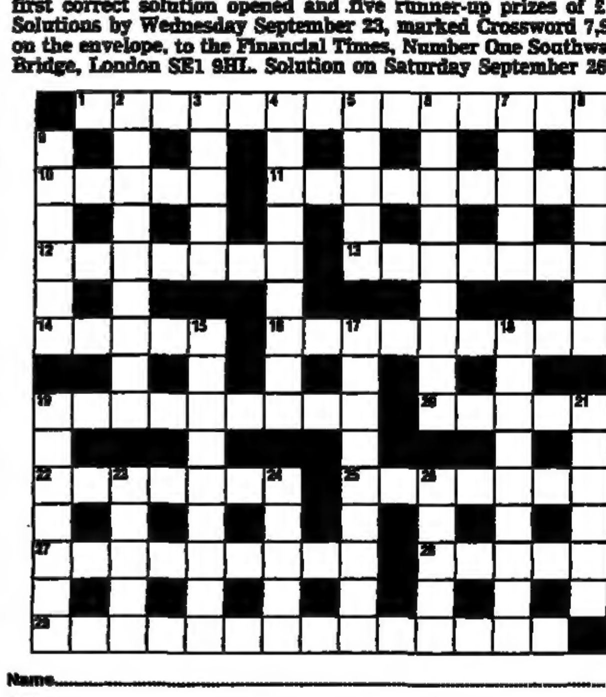
Let us replay the hand together. At trick six, we win West's five of spades and East, who threw a diamond at trick five, discards another diamond. Now we make the key play – we cash our last spade, discarding a diamond from dummy. East throws a third diamond. We cross to club queen, return to our king and cross back to the ace. West discards a heart and all is discovered. West started life with three spades, six hearts and two clubs. Therefore, he holds only two diamonds and East, who started with five diamonds, has only two. We cash dummy's diamond king, follow with the nine and play our ace, knowing the queen must fall.

E.P.C. Cotter

CROSSWORD

No. 7,949 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday September 23, marked Crossword 7,949 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday September 26.



Name..........

Address..........

ACROSS
1 Blooming funny brush or broom, perhaps (9,5)
10 Ex-president's own student (5)
11 Limiting factor: apostle's without a sign (9)
12 Provide food outside church for baseball player (7)
13 Insult sounds like a facade (7)
14 Crooked like gardens (5)
16 Lady's done badly in the past (5,4)
19 Pit seam carrying charges? (9)
20 Lake containing a fish (5)
22 One side with spinners? (7)
25 Speed zero in vehicle could help treat cold (7)
27 Assume income to be not simple (9)
28 Prevent from being damned eternally (5)
29 Basis of budget for French painter, lay/pro blend, very cold (8,6)

DOWN
2 See ban with knowledge on kiss, perhaps (4,5)
3 Default from the principality (5)
4 Stock company? (9)
5 Standard article to go with premier (5)
6 Penultimate, if in original (9)
7 Relationship to beast I love (5)
8 Betrays need for mineral (7)
9 Dance in church, a change (3-3)
15 Royal movement could be a blow at UK (9)
17 .... and cleanliness costly? (4,5)
18 A way to summon up being indifferent (9)
19 Doctor and princess with a small amount (7)
21 Zimbabwean artist entertained by fast runner (6)
23 Compiler's entering boy's name (5)
24 Religious man employed (we hear) in the chippy (5)
26 Decoration by compiler and boy coming up (5)

Solution to Puzzle No.7,948

Solution and winners of Puzzle No.7,938

Mr and Mrs L.W. Waters, Almeley, Herefordshire; Ms S.E. Butler, Tokyo, Japan; J.M. Fitton, London NW1; Mrs J.L. Hanscomb, London W8; M.G. Price, London NW7; Mrs G.L. Smith, Parkhead, Sheffield.

Paris? Been there, done that

Richard Tomkins explains why London leaves the French capital for dead

UNSEASONABLY chill winds and lashings of rain have not shown London at its best in the past couple of weeks. Even so, it was irksome to hear a friend apologising to a visitor from Paris the other day for the existence of a city so thoroughly depressing.

Why do the British indulge in this perpetual self-flagellation when comparing their own capital with that of France? William Davis, chairman of the British Tourist Authority, was at it this week, complaining in his annual report of a litter-strewn, tired and tarnished city. Yet just to mention the word Paris is to trigger eulogies in praise of a supposed earthly paradise.

Guide books, of course, must bear part of the blame. No guide book would ever open with the words: "To be honest, Paris is a bit of a dump, and if I were you I wouldn't bother going there." If it did, nobody would buy it. Instead, the book will say Paris is the world's most wondrous city, and no one who has spent a lot of time and money visiting the place is going to come back and say the emperor isn't wearing any clothes.

And yet, so much nonsense is talked about Paris. Take its legendary beauty. True, Paris has a pretty cathedral, a big arch and an amusing metal tower: but by comparison with London, it is a visual snore. Most of the interesting bits were demolished during the Second Empire by Baron Haussmann, a monomaniacal town planning despot who criss-crossed the city with mile after mile of dreary, soul-less boulevards lined with uniform, grey stone facades. The result is a kind of 19th century Milton Keynes.

One of the side-effects of Haussmann's demolition campaign was a displacement of the prosperous classes to new quarters on the city's western boundaries, leaving the central areas to the poor. Properties were divided into ever smaller units as landlords sought to maximise rentals, resulting in the rabbit-hutch style accommodation which so many Parisians now endure.

If only they had gardens, as so many Londoners do, things might not be so bad. Or if only Haussmann had thought to give Paris the equivalent of London's glorious parks. As it is, having neither, Parisians seek to lighten the gloom of their existence through their obsessional ownership of preposterous toy dogs. These, lacking alternative facilities, leave an estimated 20 tonnes of *déjections* on the city's pavements each day.

Of course, one of the delights of Paris is its compact size. It is tiny compared with London. Given a good pair of wellington boots and a poor sense of smell, it is possible to walk around the city in a day. But just what is there left to do then?

Eating is one possibility. Only a moron, after all, would deny that French cuisine is among the world's finest. Paris, however, is not the place to savour it: the memory of a good meal is more likely to endure for the outrageous price charged than for the quality of the food. As for good wine, search in vain: all the decent stuff goes to Oddbins and Tesco.

After an indifferent meal, it is time for entertainment. Unfortunately, unless you are a cineaste, you are as likely to find it in Kidderminster as Paris. London is leagues ahead in virtually all forms of entertainment, be it drama, classical and contemporary music, dance, opera, fringe theatre, comedy, popular music or the club scene. Other than cinema, the only field in which Paris can claim ascendancy is in cabarets featuring topless dancing girls (most of them English) waving prodigious amounts of feathers.

Indeed, it is hard to imagine what Parisians do in the evening. They cannot stay in and watch television: it is too unspeakably awful. Their apartments are too small for entertaining. There are no pubs. Usually, one surmises, they end up going to see yet another crackly print of an old Jean Luc Godard film, then spend the next few hours discussing it in some down-at-heel café over a glass of warm lager and 40 Gauloises.

In fairness, Paris does not come out of every comparison badly. It has a lot more art galleries than London. Its young people do not get drunk and roam the streets shouting obscenities. The Métro may be filthy, but it works. Parisians speak much better French than Londoners.

For sheer exuberance, variety and vitality, however, London puts Paris in the shade. Its only real problem is that Parisians know it, with the result that the city is overflowing with Parisian tourists. Perhaps there is a case for doing the place down after all.

Vahid Farmand

Private View/**Christian Tyler**

The hard shell of Tory mercy

Tory MP Emma Nicholson has adopted the cause of Iraq's Shias. What made her do it?

POLITICIANS CAN so easily make us cynical. Their addiction to the oxygen of publicity makes them compulsive manipulators: they become dial-a-quote junkies, inveterate photo-opportunists. Their eyes flick anxiously, their lives are frantic, their self-esteem overpowering.

So when a Member of Parliament adopts a good cause the first question most of us want to ask is: who benefits?

Emma Nicholson, MP for Devon West and Torridge, adopted the Shia Muslims of southern Iraq (an area of which she had no previous knowledge) at the end of the Gulf War. Two weeks ago, after errands of mercy and much public agitation in Geneva, London and Washington, she had the satisfaction of seeing George Bush declare a "no-fly" zone south of Iraq's 32nd parallel.

She also adopted – or is fostering – a 10-year-old Iraqi boy, Amar, who was badly burned in the napalm attack that killed his parents and whom she brought to England from a refugee camp in Iran.

Who, in this case, would be so churlish as to ask *cui bono?* I was the churl. Aren't troublespots irresistible for an MP who wants attention at home? I asked her.

"No," she replied. "In fact I held back because of that. I don't ever mix up aid for people in trouble with magnifying their problems for my benefit."

But there were plenty of people with Middle East experience in the House of Commons. Why should you jump in? You could be accused of opportunism.

"No. No, because being a do-gooder is basically very boring for other people. It's not glamorous. It's very dull. People turn away. 'Oh! how boring,' they think. 'At it again!' I'd already begged from my colleagues to adopt a Romanian orphanage.

"No, it couldn't have been more boring. In the middle of the Gulf War I merely got up and asked the Foreign Secretary what we were going to do about the victims afterwards. Couldn't be more boring for colleagues. To my enormous surprise I got a very positive reply."

She denied that she is a publicity-seeker. "It's always nice to hurl rotten eggs, and politicians are the modern world's Aunt Sallies." She even claimed to be wary of interviews, especially with women reporters, who, she claimed, did their damndest to pervert the result. "I always try to help other women. I find this incomprehensible."

Why do they do it? "Career advancement for themselves. Desire to be cleverer than the person they are interviewing. I think the only sadness I have about my sex is that they are constantly sour, and scratch another woman where it hurts."

Emma Nicholson is a large, good-looking Tory lady. Her voice would be described as plummy were it not for a metallic timbre, the only clue to her serious deafness. She has an imperious manner and it is easy to picture her playing Lady Bountiful to the raggle-taggle refugees of Iraq and jousting with those charming Iranian officials ("We have lot of fun. A lot of intellectual fun . . .").

Is there another, softer Emma Nicholson beneath the well-glazed crust?

She was born into a God-fearing political family, a good musician who got as far as the Royal Academy of Music before being frustrated by deafness. She was educated by Anglican nuns at St. Mary's, Wantage. In her twenties she chose to live as a celibate career girl, first in computer software for ICL, then in consultancy, then as a fundraiser for Save the Children before realising her real ambition, to enter Parliament.

She was 45 before she made it. In the same year, 1987, she regularised a relationship with Michael Caine, the 60-year-old chairman of Booker (of Booker Prize fame), marrying him when his own 35-year marriage was dissolved. They depend on earned income and are not spectacularly rich: the Booker chairman's salary last year was £72,000. Nicholson kept her own name and although her husband was knighted a year later she refuses to answer to "Lady Caine".

That does not stop some constituency critics accusing her of playing the *grande dame*, alienating local farmers and rarely showing her face. (It was this same fault in Margaret Thatcher that prompted Nicholson to shift her allegiance to Michael Heseltine). She claims that most of her constituents understand and share her concern for the Third World.

Don't people come up to you and say 'What are doing with all these bloody Muslims; I've got a problem with my cowshed'?

"They don't use the word Muslim. They call them foreigners." Political opponents attacked her in this way, and it upset her.

Your constituents might find it difficult to understand your interest in the Shias and Iran. Don't you think their regime is crazy?

"There are worse things in life than living under a fundamentalist religious regime – such as being next door under Saddam Hussein. Actually I think apartheid is worse. I've never been able to visit South Africa in my whole life. That for me is the bottom line of human degradation. Because at the end of the day you can change your religion."

You think religious restraints are more acceptable than others?

"They certainly seem to be restraints that many societies actively seek. There's little to choose between the fundamental religionists in Iran and the nuns in Wantage. It's just the other side of the coin."

Pro bono publico could be the motto on Nicholson's escutcheon. "Papa was an MP, Mama was deputy chairman of Dr. Barnardo's. When I went with Papa on his rounds I saw the rough edges of British life."

She remembers one children's home in particular. "They were grotesquely handicapped, in the days before abortions [Nicholson is pro-abortion]. They were ruled over by a very kind, very bossy lady. I remember clearly standing beside a child who was grotesquely deformed, poor little thing, who was actually much older than me but the same height as me, and thinking: My God I'm lucky! I've got to do something for these people."

Then why didn't you join the Labour Party?

"Because they would ruin the country. They're based on an economic and social theory which mercifully has been discredited. Socialism was dug in in the mid-seventies. That's why I put my name forward. I couldn't bear to stand on the sidelines any longer with red-blooded Socialism in the saddle."

Nicholson would not accept that her own deafness motivates her good works: she would not even allow me to call it a handicap. "It's no worse than having to wear glasses," she said. "Society's reaction is still odd, a mixture of prurience and embarrassment."

Why did you forego marriage and children of your own?.

"I meant not to get married. I made that decision in my early twenties."

What put you off?

"The need to explore the world, what talent I might have . . . I thought no one would marry me who would be willing to accommodate that."

Was it the quality of men you met?

"They were perhaps not big-hearted enough for me. Michael minds very much about everybody."

What kind of men did you meet? Computer programmers?

"No. Not much. Really the smart circuit."

Debs' delights?

"Yes, and they weren't my style."

Chinless wonders?

"Yes, and even some with chins. They were very nice, but they weren't me. I don't think I was them either."

No, I agreed, I should think you frightened the pants off them. She laughed.

Do you like the picture of yourself as the intrepid woman in mosquito-infested parts of the globe? And showing off the photos afterwards?

"No. That *is* because I'm a woman. Because I always know that I'm too fat. I'd much rather never see another photograph of myself ever again anywhere. I always say: 'My goodness me! I wish I was slimmer or prettier'."

Did you ever wish you were a man?

"I certainly think it would have been a lot easier for me to be a man, without any doubt at all. But I am a woman, and not a man dressed up as a woman."

When finally I asked Emma Nicholson to confess to her ambition, she was cagey again. Colleagues say she is disappointed not to have got much further. I suspect that if she is passed over at Westminster she will try her hand in the bigger theatre of Europe.

Was there anything else?

"I would dearly love to be a Fellow of the Royal College of Organists. I love playing the organ. And now that I've had my hearing corrected, there's nothing to stop me."

Why the organ?

"I love church music; my favourite composer is Bach. I'm not really an instrumentalist."

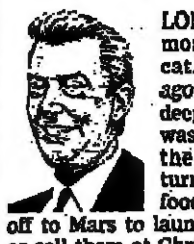
And of course the organ makes a big noise, I said.

"Yes. It's enormous fun. Pull out all the stops. Great fun. Great, great fun. You can even drown the vicar." She snorted like a schoolgirl.

Ambition, compassion, public duty and party politics are, I think, all one to Emma Nicholson. She comes from a background where "serving" and "ruling" are not distinguished. Agreeable as she is, I could not warm to her public persona. And perhaps this is the real weakness of our politicians: they are terrified of letting us see the human being within.

Not a happy koala

Michael Thompson-Noel



LONDON ZOO has more lives than a cat. A few weeks ago it was in such deep trouble that it was going to kill all the animals and turn them into dog food; or fire them off to Mars to launch a new world; or sell them at Christie's; or set the dumb things free – there are 27m, if you count all the insects – in their ancestral homes and habitats.

Now they have been reprieved. The zoo is to stay in business. It believes it can survive – thanks, in part, to a larger numbers of visitors in recent times and to campaigns and gifts, including £1m from my friend and your friend, the Emir of Kuwait.

Sir John Chapple, president of the Zoological Society of London, is as delirious as a wombat, and has been quoted as describing the reprieve as "more than a stay of execution. We have not qualified our decision. The zoo can remain open because of the great efforts of our staff, our friends and the society's fellows."

I was puzzled by that remark. What about the animals? What about *their* efforts and heroics?

So round to the zoo I went. First I spoke to a rhino. Was it true, I asked, that the creatures' lives had

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been saved by a miraculous marketing effort and an influx of funds, or was there more to it?

"They've certainly pulled the stops out," said the rhino grudgingly, "but without us they'd be nothing. In the last two years they've tried every management fad on us that you could put a name to. Quality circles. Team briefings. Flexi-working and annualised hours. Multi-disciplinary project teams. Project charters. Cross-functional integration. Vendor networks. Partnership sourcing. Price corridors. Parallel importing."

"*Parallel importing?*"

"It's something to do with bananas."

"They haven't been cutting your food down?"

"Certainly not," said the rhino. "In fact, they've increased it, in acknowledgement of our workload. I conduct more team briefings than you've had hot dinners. We work flexi-time in the rhino house. Our annualised hours are murder. I'm head of the mammalian task force. We cross-functionalise with reptiles and birds – the fish aren't interested, nor are the insects, they're still enjoying communism: they say it works for them – and are starting to vendor network, if you'll pardon my use of the verb form. The saving of London Zoo may have been influenced by your friend and my friend, the Emir of Kuwait, and by the boys and girls in marketing, but the weightiest burden has been shouldered by the animals."

Next I spoke to a zebra. I explained who I was.

"That's a coincidence," said the zebra. "I run our media studies group. I am planning to invite you to be a guest speaker – the man who has the last word in the *FT* every week."

"What does your group study?"

"The media, stupid. Specifically, how the London media have used every weapon at their disposal – cheque-book journalism, electronic eavesdropping, telephoto cameras, fabricated quotes – to distort and uglify the story of the animals' gallant fight for survival. At one point I thought we were goners. The media's power is horrendous. The checks and balances are inadequate.

"Let me quote from the latest issue of *The Journalist's Handbook*, which runs a quarterly guide to what *is* permissible under the Press Complaints Commission's code of practice. It says: 'A national daily newspaper carried a story headlined *There are no virgins in Essex*. The story was based on their having received no replies to their request for virgins living in Essex to telephone them. Verdict: no breach of the code.'

"You can see what we're up against. In spite of this week's 'reprieve,' we're only a tenth of a pfennig off our absolute floor."

"Who else should I talk to?"

"Try that koala."

I asked the koala what he thought of the battle to save London Zoo, and of the deliverance of the creatures. The koala said: "Get stuffed, you rotten pom. I'm under contract to the tabloids."

"You don't sound very happy," I offered him a gum leaf.

"Of course I'm not, you bludger. In times of currency turmoil, do you know what constitutes the soundest mode of exchange in international finance? Better than gold or plutonium? It's koalas, you burrowing skink. In exchange for the Emir's £1m, they're sending *me* to *Kuwait*."

A home in the war zone

David Waller meets the exiled Croatian count who holds the seat of Vukovar

FEW PEOPLE begin a political career at the age of 70. But Jakob, Count von und zu Eltz, has good reasons for throwing himself into the electoral fray as he did in July when he campaigned for, and won with a resounding majority, the Vukovar seat in the Croatian elections. He wants to go home.

Not that the count is a refugee from the fighting in what used to be Yugoslavia: nor, as the owner of large estates on the Rhine and a medieval castle on the Moselle, is he suffering from the material hardship afflicting so many of those displaced by the war.

However, for this German aristocrat, home is in Croatia, specifically Vukovar, the town on the Danube that was taken and occupied by Serb forces in November last year.

Born in 1921, Count Jakob was brought up in an 18th century manor-house in the centre of the town, the principal residence of the Eltz family since 1733. He left in 1944, returning only in 1989 when it looked as though Yugoslavia was returning to democracy. He entered into negotiations for the return of the ancestral property, but his hopes were dashed by the outbreak of civil war.

The mansion, preserved intact through the centuries, was destroyed late last year by Serb militia. The count's poster for his election campaign displays pictures of the mansion before and after the destruction. His slogan was "Home Together." His mission is to rebuild the house, to bring the exiled Croats back to Vukovar.

"I wouldn't have taken the trouble to get myself elected," he says in impeccable English learnt from his Irish nanny, "if I didn't genuinely believe that this were possible. This is my main political message. You have to be convinced that we are going to go back, and we are going to rebuild. If we resign ourselves to what has happened, if we give up hope, the Serbs will have achieved what they wanted, and the Croatians will have been driven out of Vukovar for good."

The Eltz family's connection with the town dates to the time when an ancestor helped the Holy Roman Emperor expel the Turks from the area. As a reward, he was allowed to buy the town, 23 villages, 200,000 acres of land and 31,000 serfs for the sum of 175,000 gold thalers. Thereafter, successive counts administered the estates on a feudal basis, taking responsibility for roads, bridges, schools, the judiciary, police, the health system and the churches.

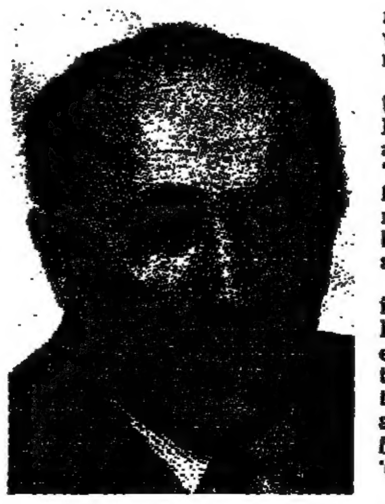
By the time Count Jakob was born, serfdom had been abolished and the estate encompassed a mere 20,000 acres. His father died when he was a child and Count Jakob grew up in what he describes as "fairly modest style".

Like his forebears, he spent most of the year in the Vukovar mansion, its lawns stretching down to the Danube, only going to Germany in the summer when he would stay on his Rhineland estates, the most magnificent of which is the Burg Eltz in the Moselle. This many-turreted castle set on a rocky cliff was built by the count's ancestors in the 12th century and is one of Germany's most popular attractions.

Its treasure chamber bears witness to the Eltz family's involvement in German history through the centuries. A picture of the Gothic pile is on the back of today's DM500 note. But the count, a fluent Croat-speaker, has always felt himself more Croatian than German, a feeling intensified by exile.

He was forced to leave Vukovar shortly after the outbreak of World War Two. But for a fleeting visit shortly before Russian troops arrived in late 1944, he did not return for 46 years, when he started a succession of visits to the old family home. After the civil war broke out, each trip became more dangerous than the last.

"I visited Vukovar a number of times in early 1991," he says. "The last time I managed to get there was when the siege of the town had begun. We had to break through the ring to get food and medical supplies into town. I must admit I felt quite foolish. Here I was, an old man, my pockets full of Mills' bombs and a sub-machine gun around my neck. This, fortunately, I did not have to use. I did, however, draw heavy artillery and rocket fire on to my humble person." The experience, he admits, gave him quite a nostalgic feeling: he had not been under such heavy fire since his days in the Wehrmacht during World War Two.



Count Jakob: historic ties

Since then, his adventures have been political rather than military. He has thrown himself behind the Croatian cause and won his seat in the parliament-in-exile as an independent candidate. "I can do more as an MP," the German aristocrat bellows down the phone to a well-wisher congratulating him on his success, "than as a mere count."

He says he wants to impress on the government of Croatia that the north-easternmost part of Croatia, where Vukovar is located, should not be forgotten.

His views on the complex situation are informed by a deep knowledge of the history of the region – and by a deep hatred of Serbs. "There is absolutely no historical foundation for the Serbian territorial claims at all," he declares, before launching into a tirade of abuse against the Serbs.

His views on the United Nations involvement in the region are hardly more temperate. "The presence of the blue-helmets (UN troops)," he claims, "has not helped to ameliorate the situation. They are openly favouring the Serbs and frequently aiding and abetting the 'ethnic cleansing' programme."

The count draws solace from an episode in the family's history. In the 14th century the Elector of Trier raised a siege against Burg Eltz, building a small tower on a neighbouring hill with the aim of raining missiles on to the knights of Eltz. The tower is now a ruin, a source of satisfaction to Count Jakob. "Burg Eltz belongs to me, but where is the Elector now?" he chuckles.

All the Eltz family had to do was sit and wait for a decade or two. The same patience underlies the count's determination that the family will once more go home – to Vukovar.